MONTANA LEGISLATIVE HISTORY

BEST COPY AVAILABLE

Chapter 574 19 85

Bill H 492 S _____ Original bill & history ___C

H. Committee on Taxation		S. Committee on Taxation	
Hearing Date(s) Feb 28	✓C	Hearing Date(s) Mar 29	✓C
Mar 14	✓C	Apr 02	✓C
_____	___C	_____	___C
_____	___C	_____	___C
Date Out Mar 15	✓C	Apr 02	✓C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

Free Conference Committee

Apr 12

3/17	SIGNED BY GOVERNOR CHAPTER NUMBER 163 EFFECTIVE DATE: 10/01/95		

HB 495 INTRODUCED BY R. JOHNSON, ET AL.

ESTABLISH A RESTAURANT BEER AND WINE LICENSE TO ALLOW RESTAURANTS TO SERVE BEER AND WINE

2/09	INTRODUCED		
2/09	FIRST READING		
2/09	REFERRED TO BUSINESS & LABOR		
2/10	FISCAL NOTE REQUESTED		
2/15	HEARING		
2/15	TABLED IN COMMITTEE		
2/16	FISCAL NOTE RECEIVED		
2/16	FISCAL NOTE PRINTED		
2/17	MOTION FAILED TO TAKE FROM COMMITTEE AND PLACE ON 2ND READING	39	61
2/23	MISSED TRANSMITTAL DEADLINE DIED IN COMMITTEE		

HB 496 INTRODUCED BY BOHLINGER

AUTHORIZE SUBROGATION RIGHTS FOR AN INSURER AGAINST A JUDGMENT OR RECOVERY RECEIVED BY AN INSURED PERSON FROM A LIABLE THIRD PARTY

2/09	INTRODUCED		
2/09	FIRST READING		
2/09	REFERRED TO TAXATION		
2/10	FISCAL NOTE REQUESTED		
2/10	REREFERRED TO JUDICIARY		
2/14	HEARING		
2/14	TABLED IN COMMITTEE		
2/15	FISCAL NOTE RECEIVED		
2/15	FISCAL NOTE PRINTED		
3/29	MISSED TRANSMITTAL DEADLINE FOR 71ST DAY DIED IN COMMITTEE		

HB 497 INTRODUCED BY BOHLINGER, ET AL.

PROVIDE A PAYMENT TO CERTAIN TAXPAYERS FOR PROPERTY TAXES PAID

2/09	INTRODUCED		
2/09	FIRST READING		
2/09	REFERRED TO JUDICIARY		
2/10	FISCAL NOTE REQUESTED		
2/10	REREFERRED TO TAXATION		
2/14	FISCAL NOTE RECEIVED		
2/14	FISCAL NOTE PRINTED		
2/28	HEARING		
3/16	COMMITTEE REPORT—BILL PASSED AS AMENDED		
3/18	2ND READING PASSED	85	14
3/20	3RD READING PASSED	91	9
	TRANSMITTED TO SENATE		
3/21	FIRST READING		
3/21	REFERRED TO TAXATION		
3/29	HEARING		
4/07	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/08	REVISED FISCAL NOTE PRINTED		
4/08	2ND READING CONCURRED AS AMENDED	41	7
4/10	3RD READING CONCURRED	42	7

	RETURNED TO HOUSE WITH AMENDMENTS		
4/11	2ND READING AMENDMENTS NOT CONCURRED	98	2
4/11	FREE CONFERENCE COMMITTEE APPOINTED		
4/12	HEARING		
4/12	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/12	MOTION FAILED TO NOT ADOPT FREE CONFERENCE COMMITTEE REPORT ON 2ND READING	29	69
4/12	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	77	23
4/13	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	86	13
	SENATE		
4/11	FREE CONFERENCE COMMITTEE APPOINTED		
4/12	FREE CONFERENCE COMMITTEE REPORT NO. 1		
4/13	2ND READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	46	4
4/13	3RD READING FREE CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	45	5
4/18	SIGNED BY SPEAKER		
4/18	SIGNED BY PRESIDENT		
4/18	TRANSMITTED TO GOVERNOR		
5/01	SIGNED BY GOVERNOR CHAPTER NUMBER 574 EFFECTIVE DATE: 05/01/95		

HB 498 INTRODUCED BY COCCHIARELLA, ET AL.

CREATE A LEAD-BASED PAINT HAZARD CONTROL PROGRAM

BY REQUEST OF THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

2/09	INTRODUCED		
2/09	FIRST READING		
2/09	REFERRED TO BUSINESS & LABOR		
2/10	FISCAL NOTE REQUESTED		
2/14	HEARING		
2/15	FISCAL NOTE RECEIVED		
2/15	FISCAL NOTE PRINTED		
2/15	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/18	2ND READING DO PASS MOTION FAILED	44	53
2/20	MOTION FAILED TO RECONSIDER PREVIOUS ACTION AND PLACE ON 2ND READING	45	51

HB 499 INTRODUCED BY COCCHIARELLA, ET AL.

DIRECT DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES TO ESTABLISH A LEAD POISONING REDUCTION PROGRAM

2/09	INTRODUCED		
2/09	FIRST READING		
2/09	REFERRED TO BUSINESS & LABOR		
2/10	FISCAL NOTE REQUESTED		
2/14	HEARING		
2/15	COMMITTEE REPORT—BILL PASSED		
2/16	FISCAL NOTE RECEIVED		
2/16	FISCAL NOTE PRINTED		
2/17	2ND READING DO PASS MOTION FAILED	41	57
2/17	SEGREGATED FROM COMMITTEE OF WHOLE REPORT AND PLACED ON 2ND READING	63	34
2/18	2ND READING DO PASS MOTION FAILED	50	50
2/20	MOTION FAILED TO RECONSIDER PREVIOUS ACTION AND PLACE ON 2ND READING	46	51

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0497, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:
An act relating to property taxes; providing that the payment of an increase in property taxes on residential property is deferred until the May payment; increasing the exempt value of residential property and the income eligibility schedule under the low-income property tax program; changing the application date for the program from March 1 to April 15; increasing the maximum property tax credit for the elderly to $1,000 from $400.

ASSUMPTIONS:

Low-Income Abatement Program

1. Under current law, 42,396 households are eligible for this program; of these, 9,695 households participate in the program (23% participation rate) and receive an average benefit of approximately $222, for a total program cost of $2,152,290.
2. Under the proposal, 62,621 households would be eligible for this program; of these, 15,655 households would participate in the program (25% participation rate) and receive an average benefit of approximately $250, for a total program cost of $3,913,750.
3. Program benefit costs increase $1,761,460 with this additional cost distributed 1.5% to universities; 23.6% to the school equalization aid account; 20.1% to counties; 41.6% to local schools; and 13.2% to cities and towns.
4. The changes to the low-income abatement program are effective for tax year 1996, and will impact fiscal year 1997 revenues.
5. Printing, mailing and advertising costs associated with the increased number of applicants under this proposal would increase by $11,500 in FY96; and by $2,975 in FY97 and each fiscal year thereafter.

Elderly Homeowner/Renter (2EC) Program

1. Under current law the maximum credit allowed under the 2EC program is $400; this increases to $1,000 under this proposal.
2. Increasing the maximum credit does not increase the number of households participating in this program (19,070 claimants in 1993).
3. Current program costs are projected to be $6,000,000 in FY96 and $6,500,000 in FY97 (DOR *Tax Expenditure Report*). Increasing the maximum credit from $400 to $1,000 increases the average benefit by 11 percent, which increases total program costs to $6,660,000 in FY96 and $7,215,000 in FY97. This results in additional costs of $660,000 in FY96 and $715,000 in FY97, which reduces individual income tax collections and state general fund revenue by a like amount.

(continued page 2)

Dave Lewis 2-14-95
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

John Bolinger 2-14-95
JOHN BOLINGER, PRIMARY SPONSOR DATE
Fiscal Note for HB0497, as introduced

HB 497

Deferral of Increase in Residential Property Taxes to May

1. Deferring any property tax increases on residential properties until the May payment impacts the property tax billing functions of local governments, but has no impact on the administration of property taxes at the state level. Local government billing costs would rise as a consequence of this change.

2. Deferring property tax increases on residential properties until the May payment does not change the amount of revenue received in a fiscal year; however, it will change the timing of receipts and, hence, the cash flow of state and local government accounts which receive the revenue. A portion of revenue usually anticipated and received in November would now be received in May under this proposal.

FISCAL IMPACT:

Expenditures: (Department of Revenue - Increase)

	FY96 Difference	FY97 Difference
Operating Expenses	$11,500	$2,975

Revenues:
The impact of the changes to the *low-income abatement program* are to reduce revenue to the university system by $26,422 beginning in FY97 and each fiscal year thereafter; and to reduce revenue to the school equalization aid account by $415,705 in FY97 and each fiscal year thereafter.

Elderly Homeowner/Renter Credit:

	FY96 Difference	FY97 Difference
Individual Income Tax	$(660,000)	$(715,000)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
The proposal reduces revenue in FY97 and each fiscal year thereafter by $354,053 to county governments; by $732,767 to local schools; and by $232,513 to cities and towns.

they might or might not be. For instance, she said that building a ramp, painting, widening a doorway and adding carpet might all be considered one improvement.

CHAIRMAN HIBBARD asked if a form could be mailed to taxpayers requesting a list of improvements, together with the cost, that had been made to the building to promote accessibility of the handicapped. **Ms. Paynter** said she would consult with her staff to see if they had suggestions for reducing the cost.

Closing by Sponsor:

REP. MURDOCK said the bill would cover only the years 1990 - 1996. She said there are many ways to obtain the necessary information and would not necessarily require an on-site visit. She asked for the Committee's positive action on the bill.

HEARING ON HB 497

Opening Statement by Sponsor:

REP. JOHN BOHLINGER, House District 14, Billings, said HB 497 has a price tag of $3 million and would provide a benefit to low and moderate income individuals. During his campaign he discovered that 70 percent of the homes in his district had a value of less than $79,000, 40% have incomes of less than $15,000 a year, and 21% have incomes between $15,000 and $24,000. Many of these people are retired and live on Social Security and are having a difficult time financially in meeting the increased cost of living. HB 497 would accomplish several things which would be a benefit to low and moderate income taxpayers. The bill provides that any tax increas over the previous year would be paid on the second tax installment to allow individuals time to arrange for payment.

{Tape: 3; Side: A.}

The bill also adjusts for inflation to a more realistic level. It will raise the income limits for a single person from $13,500 to $15,000 and from $16,214 to $20,000 for a married person or head of household. These figures are not in the bill so an amendment will be drafted to correct the figures. Provisions of the bill which have not been changed are that it must be the principle place of residence and must be occupied for ten months of the year and must not be located on more than five acres of land. Under the current law, 42,396 households would be eligible for the program and, of these, only 9,695 participate in the program. The average benefit has been $222. The existing program costs $2,152,290. House Bill 497 would increase the eligible households to 62,621 and it is estimated that 15,655 will participate. It is also anticipated that the average benefit would be $250. Total program cost for this benefit would be $3,913,750. The bill changes the elderly homeowner/renter

credit circuit breaker from $400 to $1,000. There are 19,070 people using this program with a current cost projected to be $6 million. In FY 96 the cost would be $6 million and in FY 97 the cost would be $6.5 million. By increasing the maximum credit from $400 to $1,000, the average benefit would increase the cost of the program to $6,600,000 in 1996 and to $7,215,000 in 1997. HB 497 would reduce individual income tax collections and general fund revenues. The bill would provide more direct assistance to low and moderate income and elderly people and represent an act of fairness. **REP. BOHLINGER** emphasized that there would be no additional administrative costs and the bill is constitutionally sound. The bill would also encourage more Montanans to take advantage of current programs.

Proponents' Testimony:

REP. JIM ELLIOTT, House District 51, Trout Creek, said th bill would provide tax relief targeted at the people who deserve it -- the working poor and the elderly and the people most in fear of increasing taxes. Shelter should not be a luxury and it is up to the Legislature to protect the roof over their heads.

Dennis Burr said he represented the **Montana Taxpayers Association** in support of HB 497. He said that adding increases to the second payment would balance the payments because annual fees for garbage and other services are often added to the first payment. He said he specifically supported the portion of the bill dealing with tax relief for low income and elderly taxpayers. **Mr. Burr** said that single, married and head of household are all low income and he did not think it would be necessary to have three formulas. Therefore, he suggested a single formula based on income. EXHIBIT 4.

Colin Bangs, Montana Association of Realtors, spoke in favor of the bill. There is a problem with affordable housing in Montana and in many areas the price of a house has doubled in the last seven or eight years. This bill would not help people trying to buy a home but it would help those who have had their homes for a long time and want to be able to keep them.

Nathan Tooragon, Director of Finance and Administrative Services, City of Billings, said he was neutral on the bill but did want to provide some information. He said the bill would cost the City of Billings $30,000.

Opponents' Testimony:

Michael Keating, Montana School Boards Association, said he could appreciate Rep. Bohlinger's efforts to provide what sounds like much-needed tax relief for elderly and low-income people. Therefore, he said it was with some reservation that he would rise as a nominal opponent to the bill. However, he said he had an obligation to sound the alarm because it appears that there would be a significant financial loss to local public schools as

a result of the bill. The amendment that has been proposed would increase the cost and schools can ill afford to lose the funds they have.

Questions From Committee Members and Responses:

REP. SOMERVILLE asked the sponsor why he had chosen the ten-month period of residency. **REP. BOHLINGER** said it is in the current statute. He would not have any objection to changing it to seven months but he would want to make sure that it would apply specifically to Montana residents and not just those who choose to live in the state during the nice weather. **REP. SOMERVILLE** said he would like to make sure that Montana residents who are able to travel during the winter would get the benefit. **REP. BOHLINGER** said he would be happy to negotiate the time period.

REP. ELLIOTT said that in his conversations with county treasurers, they had indicated that placing the increase on the second installment would be unworkable. **Mr. Harrington** said the concern involves interpretation of the statute and there are some legitimate concerns. In instances where there is an increase in tax because of a new sub-division with SIDs, or if the local government approved a significant bond issue, the question for the treasurers would be how to distribute the revenue.

{Tape: 3; Side: B.}

Closing by Sponsor:

REP. BOHLINGER thanked the proponents for their testimony and also those representing the concerns of local governments. He said it was nice that Montana has an expanding economy that is providing opportunities. This translates into increased revenues. He said he brought the bill forward as a consideration of how tax dollars could be disposed of and his concerns are for the working poor, the elderly -- those people with limited resources to pay increases in taxes. The bill would provide opportunities for them to save some money and have a little more to live on. He said he would appreciate a do pass recommendation.

EXECUTIVE ACTION ON HB 550

Motion:

REP. HARPER MOVED THAT HB 550 DO PASS.

Discussion:

REP. RYAN said it looked like they had already done a lot of study because they were ready to start on Phase I. He questioned the need for a $250,000 study.

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL DATE 2/28/95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Chase Hibbard, Chairman	✓		
Rep. Marian Hanson, Vice Chairman, Majority	✓		
Rep. Bob Ream, Vice Chairman, Minority	✓		
Rep. Peggy Arnott	✓		
Rep. John Bohlinger	✓		
Rep. Jim Elliott	✓		
Rep. Daniel Fuchs	✓		
Rep. Hal Harper	✓		
Rep. Rick Jore	✓		
Rep. Judy Rice Murdock	✓		
Rep. Tom Nelson	✓		
Rep. Scott Orr	✓		
Rep. Bob Raney	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Roger Somerville	✓		
Rep. Robert Story	✓		
Rep. Emily Swanson	✓		
Rep. Jack Wells	✓		
Rep. Ken Wennemar	✓		

EXHIBIT 4
DATE 2/28/95
HB 497

(b)(i) Property described in subsection (1)(c) is taxed at 3.86% of its market value multiplied by a percentage figure based on income and determined from the following table:

Income	Percentage Multiplier
$ 0 -$ 8,000	20%
8,000 - 14,000	50%
14,000 - 20,000	70%

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Taxation COMMITTEE BILL NO. HB497

DATE 2/28/95 SPONSOR(S) Rep. Bohlinger

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
DENNIS BURR	MONTAX			✓
COLLIN BANGS	REALTORS			✓
Michael Keedy	MSBA		X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

Discussion:

None.
Vote:

On a voice vote, the motion passed, 19 - 1.

EXECUTIVE ACTION ON HB 587

Motion:

REP. RANEY MOVED THAT HB 587 DO PASS.

Discussion:

Mr. Heiman said there was a technical amendment to the bill which would strike a definition of "Department" which is included in another section of the bill. EXHIBIT 6.

Motion/Vote:

REP. RANEY MOVED THE AMENDMENT BE ADOPTED. On a voice vote, the amendment passed unanimously.

Motion/Vote:

REP. REAM MOVED THAT HB 587 AS AMENDED DO PASS. On a voice vote, the motion passed, 20 - 0.

EXECUTIVE ACTION ON HB 497

REP. BOHLINGER distributed copies of an unofficial gray bill and a description of what the bill would do. EXHIBITS 7 and 8. REP. BOHLINGER said the name of the program would be changed from "Low-Income Property Tax Program" to "Property Tax Assistance Program" because many people do not want to be referred to as "low income." He briefly reviewed the other aspects of the bill outlined in Exhibit 8. REP. BOHLINGER said the DOR furnished additional fiscal information. EXHIBIT 9. He asked the Committee to refer to Option 3 which illustrates how the costs were arrived at.

REP. BOHLINGER said the DOR had proposed technical amendments to the gray bill. EXHIBIT 10. The amendment would change the due date for applications for the low-income property tax to March 15. The amendment also eliminates the requirement that the classification and appraisal notice advise taxpayers of the low-income property tax reduction program.

{Tape: 3; Side: B.}

REP. SWANSON provided a "walk-through" of the financial impacts of the bill according to Option 3. She said the fiscal impact per year of the property tax assistance program would be $2.3 million and the cost for the elderly homeowner/renter program would be $660,000 for the first year of the biennium and $715,000 for the second year of the biennium. The total additional fiscal impact would be approximately $6 million for the biennium. **REP. BOHLINGER** said the total cost would be $11,168,640.

REP. RANEY commented that the cost to local governments would be $3.4 million. **REP. BOHLINGER** said there would also be a $35,345 loss to the university system and a $556,009 loss in school equalization aid.

REP. ORR asked if an increase in the participation rate was anticipated. **REP. BOHLINGER** said the 25% participation rate was projected by the DOR. He said he thought there could be an increase in participation. Currently, 23% of those eligible participate.

Motion:

REP. ORR PROPOSED A CONCEPTUAL AMENDMENT TO RETURN THE TITLE BACK TO "LOW INCOME PROPERTY TAX PROGRAM."

Discussion:

REP. ORR agreed that there is a stigma attached to the language "low income." Changing the title removes the goal of increasing income. The low income designation should remain.

REP. BOHLINGER said he thought the amendment was cruel, heartless, and missed the point completely. He said the elderly have no opportunities to increase income and this is the population group that needs help. He urged the Committee to reject any consideration of the conceptual amendment.

REP. ROSE said he was in complete agreement with Rep. Bohlinger. He said it was degrading to the elderly population who have a great deal of personal pride to have to declare that they are "low income."

REP. ARNOTT asked where the age stipulation occurred in the bill. **REP. BOHLINGER** said the language is not included in the bill because it is provided for in existing law.

Mr. Heiman explained that it is part of the elderly tax credit provision. Under that program, the person must have reached the age of 62 or older.

REP. ORR said he was mistaken because he thought it was for low income. He said that did not change his opinion that, stigma or not, the name of the program should not be changed.

REP. SWANSON clarified that two program are under discussion, one for low income that has no age stipulation and the elderly homeowner/renter program for people age 62 and over. The conceptual amendment would apply to the program that is not age related.

REP. WELLS said the Committee was not discussing older people necessarily and he agreed with Rep. Orr that it is not heartless to refer to low-income individuals because there are many in the state who think being low-income is good because they don't believe in capitalistic achievement as wealth and success.

REP. STORY said $20,000 is not necessarily a low income. A lot of people make less than that and don't consider themselves low income so they don't apply for the program.

REP. RYAN said it could work exactly the opposite -- that a person might want to keep income low in order to qualify for the program.

Vote:

On a roll call vote, the conceptual amendment failed, 17 - 2.

(Tape: 4; Side: A.)

Discussion:

REP. SWANSON asked the Committee to consider the effective date of the bill. The way the bill is written, it would not apply until next year and the first application date would be March, 1996. This would mean the fiscal impact would be $2.3 million less for the biennium. The elderly homeowner/renter credit would go into affect this year.

REP. RYAN said he would suggest leaving the bill the way it is.

REP. REAM agreed because there isn't adequate time to have it effective immediately. It would create tremendous problems for the DOR.

REP. SWANSON said she would also agree but it would defer a tax deduction to the next biennium.

REP. REAM asked if there would be any interaction between this bill and the Elliott bill. **REP. ELLIOTT** said there would be a coordinating amendment which would disallow computation of the low income and elderly homeowner/renter credit. The credit would be for taxes paid and not the amount of tax charged.

Mr. Heiman said no amendments had been drafted and he would have to take the two bills and decide how and where the amendments should be placed. He said the $80,000 referenced in Elliott's bill is a new section used in the computation to determine the tax credit and it would have no affect on the $100,000 referred to in HB 497.

REP. REAM said his concern was that it would have a $4.7 million negative impact on local governments and schools and property taxes will have to be raised to compensate for the loss. **REP. SWANSON** said she had the same concerns. When the bill was originally introduced, they did not see the impact of all the other bills which have been and will be introduced. However, she said the bill will assist the population which is stressed over property taxes.

CHAIRMAN HIBBARD noted that no action had been taken on the amendments proposed by the Department of Revenue. EXHIBIT 10.

Motion/Vote:

REP. BOHLINGER MOVED THAT THE AMENDMENTS BE ADOPTED. The motion passed unanimously.

Discussion:

CHAIRMAN HIBBARD said there still seemed to be a question on what the actual cost of the bill would be. He asked for one of the sponsors of the gray bill to review the figures. **REP. BOHLINGER** referred to page 2 of EXHIBIT 9 which outlined the costs of the bill under option 3. The total program cost of all aspects contained in the bill would be $11,168,640. **REP. SWANSON** concurred with the figures.

REP. BOHLINGER said he hoped there would be growth within the economy to pay for the program.

REP. RYAN reminded the Committee that these are the people who are hit hard by property tax and are being forced from their homes. He strongly urged the Committee to vote in favor of the bill.

Motion/Vote:

REP. BOHLINGER AND REP. SWANSON MOVED THAT HB 497 AS AMENDED DO PASS. On a voice vote, the motion passed, 18 - 2.

Motion:

REP. HANSON MOVED TO PLACE THE CONTINGENT VOIDNESS AMENDMENT ON THE BILL.

Discussion:

REP. SWANSON asked why the amendment was not placed on Rep. Elliott's bill. She said this bill was as important, if not more so, than the Elliott bill and if it was not to be placed on that bill, it should not be placed on this bill.

REP. BOHLINGER reminded the Committee that they had passed on a tax break to all taxpayers and HB 497 would reduce taxes for those who can least afford to pay the increase. He urged the Committee to resist any attempt to place the contingent voidness amendment on the bill.

REP. WENNEMAR said if taxes are too high, homeowners will lose their homes and have to rent -- which is more expensive. He would not support the amendment.

REP. ELLIOTT spoke against addition of the amendment.

REP. STORY spoke in favor of adding the amendment because it could help keep the bill in the process. If there was not enough money, it might not clear the House floor.

Vote:

On a roll call vote, the motion to add the contingent voidness amendment passed, 11 - 9.

* * * * *

REP. WENNEMAR said he would like to have a sub-committee appointed to reconsider action on HB 469, the Kitzenberg school-to-work bill. Without objection, Rep. Wennemar, Rep. Arnott and Rep. Nelson were named to the sub-committee by **CHAIRMAN HIBBARD.**

HOUSE OF REPRESENTATIVES

Taxation

ROLL CALL DATE March 14, 1995

NAME	PRESENT	ABSENT	EXCUSED
Rep. Chase Hibbard, Chairman	✓		
Rep. Marian Hanson, Vice Chairman, Majority	✓		
Rep. Bob Ream, Vice Chairman, Minority	✓		
Rep. Peggy Arnott	✓		
Rep. John Bohlinger	✓		
Rep. Jim Elliott	✓		
Rep. Daniel Fuchs	✓		
Rep. Hal Harper	✓		
Rep. Rick Jore	✓		
Rep. Judy Rice Murdock	✓		
Rep. Tom Nelson	✓		
Rep. Scott Orr	✓		
Rep. Bob Raney	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Roger Somerville	✓		
Rep. Robert Story	✓		
Rep. Emily Swanson	✓		
Rep. Jack Wells	✓		
Rep. Ken Wennemar	✓		

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/14/95 BILL NO. 497 NUMBER ____

MOTION: Conceptual Amend (orr)

NAME	YES	NO
Vice Chairman Marian Hanson		✓
Vice Hairman Bob Ream		✓
Rep. Peggy Arnott	✓	
Rep. John Bohlinger		✓
Rep. Jim Elliott		✓
Rep. Daniel Fuchs		✓
Rep. Hal Harper		✓
Rep. Rick Jore		
Rep. Judy Rice Murdock		✓
Rep. Tom Nelson		✓
Rep. Scott Orr	✓	
Rep. Bob Raney		✓
Rep. Sam Rose		✓
Rep. Bill Ryan		✓
Rep. Roger Somerville		✓
Rep. Robert Story		✓
Rep. Emily Swanson		✓
Rep. Jack Wells		✓
Rep. Ken Wennemar		✓
Chairman Chase Hibbard		✓

2 - 17

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/14/95 BILL NO. 497 NUMBER ____

MOTION: Do Pass as Amended

NAME	YES	NO
Vice Chairman Marian Hanson		
Vice Hairman Bob Ream		
Rep. Peggy Arnott		
Rep. John Bohlinger		
Rep. Jim Elliott		
Rep. Daniel Fuchs		
Rep. Hal Harper		
Rep. Rick Jore		
Rep. Judy Rice Murdock		
Rep. Tom Nelson		
Rep. Scott Orr		
Rep. Bob Raney		
Rep. Sam Rose		
Rep. Bill Ryan		
Rep. Roger Somerville		
Rep. Robert Story		
Rep. Emily Swanson		
Rep. Jack Wells		
Rep. Ken Wennemar		
Chairman Chase Hibbard		

Passed 16-2

Recuse ONW

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

DATE 3/14/79 **BILL NO.** 497 **NUMBER** ____

MOTION: Concur Conf Cmte

NAME	YES	NO
Vice Chairman Marian Hanson	✓	
Vice Chairman Bob Ream		✓
Rep. Peggy Arnott	✓	
Rep. John Bohlinger		✓
Rep. Jim Elliott		✓
Rep. Daniel Fuchs	✓	
Rep. Hal Harper		✓
Rep. Rick Jore	✓	
Rep. Judy Rice Murdock	✓	
Rep. Tom Nelson	✓	
Rep. Scott Orr	✓	
Rep. Bob Raney		✓
Rep. Sam Rose	✓	
Rep. Bill Ryan		✓
Rep. Roger Somerville		✓
Rep. Robert Story	✓	
Rep. Emily Swanson		✓
Rep. Jack Wells	✓	
Rep. Ken Wennemar		✓
Chairman Chase Hibbard	✓	

11 9

3/14/95

HB 497

Do Pass as Amended - Yes

3/14/95

TAXATION

HB 497

I LEAVE MY PROXY WITH

VICE CHAIR HANSON ON

HB 497

AMENDMENTS - WITH REP. HANSON

BILL - NO

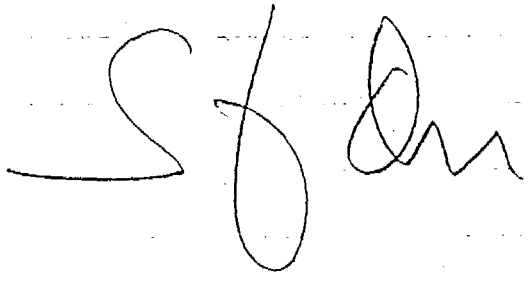

EXHIBIT 7
DATE 3/14/97
HB 497

UNOFFICIAL

GRAY BILL

March 13, 1995
House Bill No. 497

Introduced By _____

A Bill for an Act entitled: "An Act relating to property taxes; ~~providing that the payment of an increase in property taxes on residential property is deferred until the May payment;~~ increasing the exempt value of residential property and the income eligibility schedule under the ~~low-income~~ property tax ASSISTANCE program; changing the application date for the program from March 1 to April 15; PROVIDING MORE INFORMATION IN THE DEPARTMENT'S NOTICE OF CLASSIFICATION INCLUDING NOTICE OF THE LOW-INCOME PROPERTY TAX REDUCTION; PROVIDING FOR THE PHASEIN OF CHANGES IN THE VALUE OF CLASS FOUR PROPERTY BECAUSE OF PERIODIC REVALUATION; ALLOWING A DECREASE IN MARKET VALUE TO BE EFFECTIVE WITHOUT A PHASEIN; increasing the maximum property tax credit for the elderly to $1,000 from $400; and amending sections 15-6-134, 15-6-151, ~~15-16-101, 15-16-102,~~ and 15-30-176, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

Be it enacted by the Legislature of the State of Montana:

~~Section 1. Section 15-16-101, MCA, is amended to read:~~

~~"15-16-101. Treasurer to publish notice -- manner of publication. (1) Within 10 days after the receipt of the property tax record, the county treasurer shall publish a notice specifying:~~

~~(a) that one-half the first installment of all taxes levied and assessed will be due and payable before 5 p.m. on the next November 30 or within 30 days after the notice is postmarked and that, unless paid prior to that time, the amount then due will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;~~

~~(b) that one-half the second installment of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next May 31 and that, unless paid prior to that time, the taxes will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty; and~~

~~(c) the time and place at which payment of taxes may be made.~~

~~(2) The county treasurer shall send to the last known address of each taxpayer a written notice, postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due and delinquent for other years. The written notice must include:~~

~~(a) the taxable value of the property;~~

~~(b) the total mill levy applied to that taxable value;~~

~~(c) the value of each mill in that county;~~

~~(d) itemized city services and special improvement district assessments collected by the county, with appropriate subtotals;~~

~~(e) the number of the school district in which the property is located; and~~

~~(f) the amount of the total tax due that is levied as city tax, county tax, state tax, school district tax, and other tax.~~

~~(3) The municipality shall, upon request of the county treasurer, provide the information to be included under subsection (2)(d) in a form ready for mailing.~~

~~(4) The notice in every each case must be published once a week for 2 weeks in a weekly or daily newspaper published in the county, if there is one a newspaper, or, if there is not, then by posting it the notice in three public places. Failure to publish or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the current year or of delinquent tax will not affect the legality of the tax."~~

~~**Section 2.** Section 15-16-102, MCA, is amended to read:~~

~~"15-16-102. Time for payment -- penalty for delinquency. Except as provided in 15-16-802 and 15-16-803 and unless suspended or canceled under the provisions of Title 15, chapter 24, part 17, all taxes levied and assessed in the state of Montana, except assessments made for special improvements in cities and towns payable under 15-16-103 and assessments made on interim production and new production as provided in Title 15, chapter 23, part 6, and payable under 15-16-121, shall be are payable as follows:~~

~~(1) (a) One-half The first installment of the taxes are is payable on or before 5 p.m. on November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later, and one-half the second installment is payable on or before 5 p.m. on May 31 of each year.~~

~~(b) If the property is residential property, the first installment of taxes is an amount equal to one-half of the taxes due on the property the prior tax year and the second installment is the balance of the taxes due. If the property is not residential property or if it is residential property but its description or character has changed because of subdivision, consolidation, construction, or similar factors, the first installment of taxes is one-half of the taxes due.~~

~~(2) Unless one-half the first installment of the taxes are is paid on or before 5 p.m. on November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later, then the amount so payable shall become is delinquent and shall draw draws interest at the rate of 5/6 of 1% per month from and after the delinquency until paid and 2% shall must be added to the delinquent taxes as a penalty.~~

~~(3) All taxes due and not paid on or before 5 p.m. on May 31 of each year shall be are delinquent and shall draw interest at the rate of 5/6 of 1% per month from and after the delinquency until paid, and 2% shall must be added to the delinquent taxes as a penalty.~~

~~(4) If the date on which taxes are due falls on a holiday or Saturday, taxes may be paid without penalty or interest on or before 5 p.m. of the next business day in accordance with 1-1-307.~~

~~(5) A taxpayer may pay his current year taxes without paying delinquent taxes. The county treasurer must accept a partial payment equal to the delinquent taxes, including penalty and interest, for one or more full taxable tax years, provided both halves of the current tax year have been paid. Payment of delinquent taxes must be applied to the taxes that have been delinquent the longest. The payment of the current tax year is not a redemption of the property tax lien for any delinquent tax year.~~

~~(6) The penalty and interest on delinquent assessment payments for specific parcels of land may be waived by resolution of the city council. A copy of the resolution must be certified to the county treasurer."~~

Section 1. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) all land, except that specifically included in another class;

(b) all improvements, including trailers or mobile homes used as a residence, except those specifically included in another class;

(c) the first ~~$80,000~~ $100,000 or less of the market value of any improvement on real property, including trailers or mobile homes, and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 10 months a year as the primary residential dwelling of any person whose total income from all sources, including net business income and otherwise tax-exempt income of all types but not including social security income paid directly to a nursing home, is not more than ~~$10,000~~ $15,000 for a single person or ~~$12,000~~ $20,000 for a married couple or a head of household, as adjusted according to subsection (2)(b)(ii). For the purposes of this subsection (c), net business income is gross income less ordinary operating expenses but before deducting depreciation or depletion allowance, or both.

(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least ~~9~~ nine holes and not less than 3,000 lineal yards; and

(e) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(2), including 1 acre of real property beneath the agricultural improvements. The 1 acre must be valued at market value.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a), (1)(b), and (1)(e) is taxed at 3.86% of its market value.

(b) (i) Property ~~described~~ QUALIFYING UNDER THE PROPERTY TAX ASSISTANCE PROGRAM in subsection (1)(c), is taxed at 3.86% of its market value multiplied by a percentage

figure based on income and determined from the following table:

Income Single Person	Income Married Couple Head of Household	Percentage Multiplier
~~$ 0 - $ 1,000~~	~~$ 0 - $ 1,200~~	~~0%~~
~~$ 0 - $ 1,500~~	~~$ 0 - $ 2,000~~	
$ 0 - $ 6,000 $ 8,000	20%	
~~1,001 - 1,2000 2,400~~	~~10%~~	
~~1,501 - 3,000~~	~~2,001 - 4,000~~	
6,001 - 9,200	8,001 - 14,000	50%
~~2,001 - 3,000~~	~~2,401 - 3,600~~	~~20%~~
~~3,001 - 4,500~~	~~4,001 - 6,000~~	
9,201 - 15,000	14,001 - 20,000	70%
~~3,001 - 4,000~~	~~3,601 - 4,800~~	~~30%~~
~~4,501 - 6,000~~	~~6,001 - 8,000~~	
~~4,001 - 5,000~~	~~4,801 - 6,000~~	~~40%~~
~~6,001 - 7,500~~	~~8,001 - 10,000~~	
~~5,001 - 6,000~~	~~6,001 - 7,200~~	~~50%~~
~~7,501 - 9,000~~	~~10,001 - 12,000~~	
~~6,001 - 7,000~~	~~7,201 - 8,400~~	~~60%~~
~~9,001 - 10,500~~	~~12,001 - 14,000~~	
~~7,001 - 8,000~~	~~8,401 - 9,600~~	~~70%~~
~~10,501 - 12,000~~	~~14,001 - 16,000~~	
~~8,001 - 9,000~~	~~9,601 - 10,800~~	~~80%~~
~~12,001 - 13,500~~	~~16,001 - 18,000~~	
~~9,001 - 10,000~~	~~10,801 - 12,000~~	~~90%~~
~~13,501 - 15,000~~	~~18,001 - 20,000~~	

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department of revenue. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of ~~1986~~ 1995; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate

established in subsection (2)(a).

~~(3) After July 1, 1986, an adjustment may not be made by the department to the taxable percentage rate for class four property until a revaluation has been made as provided in 15-7-111.~~

~~(4)~~ Within the meaning of comparable property, as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property."

Section 2. Section 15-6-151, MCA, is amended to read:

"15-6-151. Application for certain class four classifications. (1) A person applying for classification of property UNDER THE PROPERTY TAX ASSISTANCE PROGRAM described in ~~subsection (1)(c) of~~ 15-6-134 (1)(c) shall make an affidavit to the department of revenue, on a form provided by the department without cost, stating:

(a) his the person's income;

(b) the fact that ~~he~~ the person maintains the land and improvements as ~~his~~ the person's primary residential dwelling, ~~where~~ when applicable; and

(c) ~~such~~ other information ~~as~~ that is relevant to the applicant's eligibility.

(2) This application must be made before ~~March 1~~ April 15 of the year after the applicant becomes eligible. The application remains in effect in subsequent years unless there is a change in the applicant's eligibility. The taxpayer shall inform the department of any change in eligibility. The department may inquire by mail whether any change in eligibility has taken place and may require a new statement of eligibility at any time that it considers necessary.

(3) The affidavit is sufficient if the applicant signs a statement affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department ~~of revenue~~. This signed statement ~~shall~~ must be treated as a statement under oath or equivalent affirmation for the purposes of 45-7-202, relating to the criminal offense of false swearing."

SECTION 3. SECTION 15-7-102, MCA, IS AMENDED TO READ:

"15-7-102. Notice of classification and appraisal to owners -- appeals. (1) (a) The department shall mail to each owner or purchaser under contract for deed a notice of the classification of the land owned or being purchased and the appraisal of the improvements on the land only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:

~~(a)~~(i) change in ownership;

~~(b)~~(ii) change in classification;

~~(c)~~(iii) change in valuation; or

~~(d)~~(iv) addition or subtraction of personal property affixed to the land.

(b) The notice must include for informational purposes for the taxpayer the following:

(i) the total amount of mills levied against the property in the prior year;

(ii) the amount of the prior year's taxes resulting from levied mills;

(iii) an estimate of the current year's taxes based upon the prior year's mills; and

(iv) a statement that the notice is not a tax bill.

(c) Any misinformation erroneously provided in the information required by subsection (b) does not affect the validity of the notice and cannot be used as a basis for a challenge of the legality of the notice.

(d) When the notice required in subsection (1)(a) is mailed, information must be included informing the taxpayer that the taxpayer may be eligible for a reduced property tax rate under 15-6-134.

(2) (a) The department shall assign each assessment to the correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a standardized form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.

(b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

(3) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may request an assessment review by submitting an objection in writing to the department, on forms provided by the department for that purpose, within 15 days after receiving the notice of classification and appraisal from the department. The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give reasonable notice to the taxpayer of the time and place of the review. After the review, the department shall determine the ~~true and~~ correct appraisal and classification of the land or improvements and notify the taxpayer of its determination. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

(4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an appraisal or classification upon the taxpayer's objection unless:

(a) the taxpayer has submitted an objection in writing; and

(b) the department has stated its reason in writing for making the adjustment.

(5) A taxpayer's written objection to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are public records. The department shall make the records available for inspection during regular office hours.

(6) If any property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board must be filed within 15 days after notice of the department's determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the state tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order."

NEW SECTION. **SECTION 4. PHASEIN OF REVALUATION OF LAND.** (1) AN INCREASE IN THE APPRAISED VALUE OF CLASS FOUR PROPERTY RESULTING FROM A REVALUATION CYCLE UNDER 15-7-111 MUST BE PHASED IN. EACH YEAR FOLLOWING A REVALUATION CYCLE, THE VALUE OF THE PROPERTY MUST BE INCREASED ANNUALLY BY ONE-THIRD OF THE DIFFERENCE BETWEEN THE PHASED-IN VALUE FROM THE PREVIOUS APPRAISED VALUE AND THE NEW APPRAISED VALUE.

(2) IF THE APPRAISED VALUE OF PROPERTY DECREASES BECAUSE OF A REVALUATION CYCLE, THE DECREASED VALUE IS THE ASSESSED VALUE AND IS NOT PHASED IN.

Section 5. Section 15-30-176, MCA, is amended to read:

"**15-30-176. Residential property tax credit for elderly -- computation of relief.** The amount of the tax credit granted under the provisions of 15-30-171 through 15-30-179 is computed as follows:

(1) In the case of a claimant who owns the homestead for which a claim is made, the credit is the amount of property tax paid less the deduction specified in subsection (4).

(2) In the case of a claimant who rents the homestead for which a claim is made, the credit is the amount of rent-equivalent tax paid less the deduction specified in subsection (4).

(3) In the case of a claimant who both owns and rents the homestead for which a claim is made, the credit is:

(a) the amount of property tax paid on the owned portion of the homestead less the deduction specified in subsection (4); plus

(b) the amount of rent-equivalent tax paid on the rented portion of the homestead less the deduction specified in subsection (4).

(4) Property tax paid and rent-equivalent tax paid are reduced according to the following

schedule:

Household income	Amount of reduction
$ 0-999	$0
1,000-1,999	$0
2,000-2,999	the product of .006 times the household income
3,000-3,999	the product of .016 times the household income
4,000-4,999	the product of .024 times the household income
5,000-5,999	the product of .028 times the household income
6,000-6,999	the product of .032 times the household income
7,000-7,999	the product of .035 times the household income
8,000-8,999	the product of .039 times the household income
9,000-9,999	the product of .042 times the household income
10,000-10,999	the product of .045 times the household income
11,000-11,999	the product of .048 times the household income
12,000 & over	the product of .050 times the household income

(5) In no case may the credit granted exceed ~~$400~~ $1,000."

NEW SECTION. **SECTION 6. {STANDARD} EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.** (1) [THIS ACT] IS EFFECTIVE ON PASSAGE AND APPROVAL.

(2)(B) EXCEPT AS PROVIDED IN SUBSECTION (B), [THIS ACT] APPLIES TO TAX YEARS BEGINNING AFTER DECEMBER 31, 1995.

(B) [SECTION 5] APPLIES RETROACTIVELY, WITHIN THE MEANING OF 1-2-109, TO TAX YEARS BEGINNING AFTER DECEMBER 31, 1994.

-END-

EXHIBIT 8
DATE 4/13/95
HB 497

HB 497-265 BOHLINGER/SWANSON

PROPERTY TAX RELIEF - WHAT THE BILL DOES!

1. CHANGES THE NAME OF THE PROGRAM FROM "LOW-INCOME PROPERTY TAX PROGRAM" TO "PROPERTY TAX ASSISTANCE PROGRAM."

2. INCREASES THE MARKET VALUE ELIGIBILITY LIMITS FOR HOMES FROM $80,000 TO $100,000.

3. INCREASES THE INCOME ELIGIBILITY LIMITS FROM $13,512 FOR A SINGLE PERSON TO $15,000; AND FROM $16,214 TO $20,000 FOR A MARRIED PERSON OR HEAD OF HOUSEHOLD.

4. CHANGES LOW INCOME PROGRAM -PROPERTY TAX ASSISTANCE PROGRAM TABLES TO: INCOME FROM $0 TO $8,000 20% MULTIPLIER, INCOME $8,000 TO $14,000 50% MULTIPLIER, INCOME $14,000 TO $20,000 70% MULTIPLIER.

5. EXTENDS THE DATE FOR APPLYING FOR THIS PROGRAM FROM MARCH 1ST TO ~~APRIL~~ MARCH 15TH.

6. REDESIGNS THE PROPERTY ASSESSMENT NOTICE TO STATE LAST YEAR VS. THIS YEARS MARKET VALUE, MILLS AND TAXES.

7. PROVIDES FOR A PHASE IN OF INCREASED VALUATION OVER A 3 YEAR PERIOD.

8. CHANGES THE ELDERLY HOMEOWNER/RENTER CIRCUIT BREAKER TAX CREDIT LIMIT FROM $400.00 TO $1,000.00.

COSTS

		PRESENT COST	COST WITH HB497	INCR. COST
1)	PROPERTY TAX ASSISTANCE PROGRAM (LOW INCOME ABATEMENT PROGRAM)	$ 2,152,290	$3,913,750 5,248,500	$1,761, 3,096,
2)	ELDERLY HOMEOWNER/RENTER CEC PROGRAM	6,000,000	6,660,000	66(
		$ 8,152,290	~~$10,513,750~~ 11,908,500	$ ~~2,361~~ 3,756,

EXHIBIT 9
DATE 3/14/95
HB 497

OPTION 1 INCOME TABLES

Single Person	Married Couple	Percentage Multiplier
0 - 1,500	0 - 2,000	0%
1,501 - 3,000	1,201 - 4,000	10%
3,001 - 4,500	2,401 - 6,000	20%
4,501 - 6,000	3,601 - 8,000	30%
6,001 - 7,500	4,801 - 10,000	40%
7,501 - 9,000	6,001 - 12,000	50%
9,001 - 10,500	7,201 - 14,000	60%
10,501 - 12,000	8,401 - 16,000	70%
12,001 - 13,500	9,601 - 18,000	80%
13,501 - 15,000	10,801 - 20,000	90%

OPTION 2 INCOME TABLES

All Claimants	Percentage Multiplier
0 - 8,000	20%
8,001 - 14,000	50%
14,001 - 20,000	70%

OPTION 3 INCOME TABLES

Single Person	Married Couple	Percentage Multiplier
0 - 6,000	0 - 8,000	20%
6,001 - 9,200	1,201 - 14,000	50%
9,201 - 15,000	2,401 - 20,000	70%

OPTION 4 INCOME TABLES

Single Person	Married Couple	Percentage Multiplier
0 - 3,750	0 - 5,000	0%
3,751 - 7,500	1,201 - 10,000	25%
7,501 - 12,250	2,401 - 15,000	50%
12,251 - 15,000	3,601 - 20,000	75%

OPTION 5 INCOME TABLES

All Claimants	Percentage Multiplier
0 - 5,000	0%
5,001 - 10,000	25%
10,001 - 15,000	50%
15,001 20,000	75%

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ORI/MDOR
09-Mar-95

Impact of Alternative Low-Income Abatement Program Tables

Program Parameters	OPTION 1 (HB497 - Orig.)	OPTION 2 (HB497-A1)	OPTION 3 (HB497-A2)	OPTION 4 (HB265-Orig.)	OPTION 5 (HB265-A1)
Eligible Households	62,621	69,982	62,621	69,982	62,621
Participation Rate	25%	25%	25%	25%	25%
Participating Households	15,655	17,495	15,655	17,495	15,655
Average Benefit	$250	$300	$288	$320	$305
PL Program Cost	$3,913,750	$5,248,500	$4,508,640	$5,598,400	$4,774,775
CL Program Cost	$2,152,290	$2,152,290	$2,152,290	$2,152,290	$2,152,290
Increase in Cost	**$1,761,460**	**$3,096,210**	**$2,356,350**	**$3,446,110**	**$2,622,485**
Allocation of Cost					
Universities	$26,422	$46,443	$35,345	$51,692	$39,337
School Equalization Aid	$415,705	$730,706	$556,099	$813,282	$618,906
Counties	$354,053	$622,338	$473,626	$692,668	$527,119
Local Schools	$732,767	$1,288,023	$980,242	$1,433,582	$1,090,954
Cities/Towns	$232,513	$408,700	$311,038	$454,887	$346,168
TOTAL	**$1,761,460**	**$3,096,210**	**$2,356,350**	**$3,446,110**	**$2,622,485**

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ORI/MDOR
09-Mar-95

Impact of Increasing the Elderly Homeowner/Renter Credit Maximum

Credit Maximum	Total Cost			Increase in Cost		
	FY1996	FY1997	Biennium	FY1996	FY1997	Biennium
$400	6,000,000	6,500,000	12,500,000	0	0	0
$500	6,372,000	6,903,000	13,275,000	372,000	403,000	775,000
$600	6,534,000	7,078,500	13,612,500	534,000	578,500	1,112,500
$700	6,612,000	7,163,000	13,775,000	612,000	663,000	1,275,000
$800	6,654,000	7,208,500	13,862,500	654,000	708,500	1,362,500
$900	6,660,000	7,215,000	13,875,000	660,000	715,000	1,375,000
$1,000	6,660,000	7,215,000	13,875,000	660,000	715,000	1,375,000

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ORI/MDOR
09-Mar-95

EXHIBIT 10
DATE 3/14/95
HB 497

Amendments to House Bill 497
Unofficial Gray Bill

Prepared by Department of Revenue
3/13/95 4:42pm

REASON FOR AMENDMENT: This amendment changes the due date for applications for the low-income property tax to March 15. The amendment also eliminates the requirement that the classification and appraisal notice advise taxpayers of the low-income property tax reduction program.

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1. Title.
Following: "1 to"
Strike: "April"
Insert: "March"

2. Title.
Following: "CLASSIFICATION INCLUDING "
Strike: "NOTICE OF THE LOW-INCOME PROPERTY TAX REDUCTION"
Insert: "INFORMATION FOR COMPARISON OF MILLS AND TAXES FOR PRIOR YEAR"

3. Page 9, Section 2. 15-6-151(1)(a).
Following: "(a)"
Strike: "his"

4. Page 9, Section 2. 15-6-151(2).
Following: "~~March 1~~"
Strike: "April"
Insert: "March"

5. Page 11, SECTION 3. 15-7-102(1)(d).
Following: 15-7-102(1)(c)
Strike: subsection (d) in its entirety

HOUSE STANDING COMMITTEE REPORT

March 15, 1995

Mr. Speaker: We, the committee on **Taxation** report that **House Bill 497** (first reading copy -- white) **do pass as amended.**

Signed: _____
Chase Hibbard, Chair

And, that such amendments read:

1. Title, lines 4 through 6.
Strike: "PROVIDING" on line 4 through "PAYMENT;" on line 6

2. Title, line 7.
Strike: "LOW-INCOME"
Following: "TAX"
Insert: "ASSISTANCE"

3. Title, line 8.
Strike: "APRIL"
Insert: "MARCH"
Following: "15;"
Insert: "PROVIDING MORE INFORMATION IN THE DEPARTMENT'S NOTICE OF CLASSIFICATION, INCLUDING INFORMATION FOR COMPARISON OF MILLS AND TAXES FOR THE PRIOR YEAR; PROVIDING FOR THE PHASEIN OF CHANGES IN THE VALUE OF CLASS FOUR PROPERTY BECAUSE OF PERIODIC REVALUATION; ALLOWING A DECREASE IN MARKET VALUE TO BE EFFECTIVE WITHOUT A PHASEIN;"

4. Title, line 9.
Strike: "AND"

5. Title, line 10.
Strike: "15-16-101, 15-16-102"
Insert: "15-7-102"
Following: "MCA"

Committee Vote:
Yes 18, No 2.

Insert: "; PROVIDING AN IMMEDIATE EFFECTIVE DATE, APPLICABILITY DATES, AND A COORDINATION PROVISION"

6. Page 1, line 14 through page 3 line 16.
Strike: sections 1 and 2 in their entirety
Renumber: subsequent sections
7. Page 3, line 29.
Strike: "$10,000"
Insert: "$15,000"
Strike: "$12,000"
Insert: "$20,000"

8. Page 4, line 10.
Strike: "described"
Insert: "qualifying under the property tax assistance program"

9. Page 4, line 15.
Strike: "0%"
Insert: "20%"

10. Page 4, line 16.
Strike: "$1,500"
Insert: "$6,000"
Strike: "$2,000"
Insert: "$8,000"

11. Page 4, line 17.
Strike: "10%"
Insert: "50%"

12. Page 4, line 18.
Strike: "1,501 - 3,000"
Insert: "6,001 - 9,200"
Strike: "2,001 - 4,000"
Insert: "8,001 - 14,000"

13. Page 4, line 19.
Strike: "20%"
Insert: "70%"

14. Page 4, line 20.
Strike: "3,001 - 4,500"
Insert: "9,201 - 15,000"
Strike: "4,001 - 6,000"
Insert: "14,001 - 20,000"

15. Page 4, line 21.
Strike: "30%"

16. Page 4, line 22.
Strike: "4,501 - 6,000"
Strike: "6,001 - 8,000"

17. Page 4, line 23.
Strike: "40%"

18. Page 4, line 24.
Strike: "6,001 - 7,500"
Strike: "8,001 - 10,000"

19. Page 4, line 25.
Strike: "50%"

20. Page 4, line 26.
Strike: "7,501 - 9,000"
Strike: "10,001 - 12,000"

21. Page 4, line 27.
Strike: "60%"

22. Page 4, line 28.
Strike: "9,001 - 10,500"
Strike: "12,001 - 14,000"

23. Page 4, line 29.
Strike: "70%"

24. Page 4, line 30.
Strike: "10,501 - 12,000"
Strike: "14,001 - 16,000"

25. Page 5, line 1.
Strike: "80%"

26. Page 5, line 2.
Strike: "12,001 - 13,500"
Strike: "16,001 - 18,000"

27. Page 5, line 3.
Strike: "90%"

28. Page 5, line 4.
Strike: "13,501 - 15,000"
Strike: "18,001 - 20,000"

29. Page 5, line 25.
Following: "property"

Insert: "under the property tax assistance program"

30. Page 5, line 27.
Strike: "his"

31. Page 6, line 1.
Strike: "April"
Insert: "March"

32. Page 6, line 11.
Insert: "**Section 3.** Section 15-7-102, MCA, is amended to read:
"15-7-102. Notice of classification and appraisal to owners -- appeals. (1) (a) The department shall mail to each owner or purchaser under contract for deed a notice of the classification of the land owned or being purchased and the appraisal of the improvements on the land only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:
~~(a)~~ (i) change in ownership;
~~(b)~~ (ii) change in classification;
~~(c)~~ (iii) change in valuation; or
~~(d)~~ (iv) addition or subtraction of personal property affixed to the land.
(b) The notice must include the following for the taxpayer's informational purposes :
(i) the total amount of mills levied against the property in the prior year;
(ii) the amount of the prior year's taxes resulting from levied mills;
(iii) an estimate of the current year's taxes based on the prior year's mills; and
(iv) a statement that the notice is not a tax bill.
(c) Any misinformation provided in the information required by subsection (1)(b) does not affect the validity of the notice and may not be used as a basis for a challenge of the legality of the notice.
(2) (a) The department shall assign each assessment to the correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a standardized form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.
(b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.
(3) If the owner of any land and improvements is

dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may request an assessment review by submitting an objection in writing to the department, on forms provided by the department for that purpose, within 15 days after receiving the notice of classification and appraisal from the department. The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give reasonable notice to the taxpayer of the time and place of the review. After the review, the department shall determine the ~~true and~~ correct appraisal and classification of the land or improvements and notify the taxpayer of its determination. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

(4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an appraisal or classification upon the taxpayer's objection unless:

(a) the taxpayer has submitted an objection in writing; and

(b) the department has stated its reason in writing for making the adjustment.

(5) A taxpayer's written objection to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are public records. The department shall make the records available for inspection during regular office hours.

(6) If any property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board must be filed within 15 days after notice of the department's determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the state tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's

order."

NEW SECTION. **Section 4. Phasein of revaluation of land.** (1) An increase in the appraised value of class four property resulting from a revaluation cycle under 15-7-111 must be phased in. Each year following a revaluation cycle, the value of the property must be increased annually by one-third of the difference between the phased-in value from the previous appraised value and the new appraised value.

(2) If the appraised value of property decreases because of a revaluation cycle, the decreased value is the assessed value and is not phased in."

Renumber: subsequent sections

33. Page 7, line 11.
Insert: "NEW SECTION. **Section 6. Coordination.** In order to maintain a balanced budget, because [this act] reduces revenue, it is void unless House Bill No. 293 is passed and approved containing an estimated revenue increase of at least $2,200,000.

NEW SECTION. **Section 7 Effective date -- applicability.** (1) [This act] is effective on passage and approval.

(2)(a) Except as provided in subsection (2)(b), [this act] applies to tax years beginning after December 31, 1995.

(b) [Section 5] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 1994."

-END-

STATE OF MONTANA - FISCAL NOTE
Fiscal Note for HB497, 3rd Reading, as Amended

DESCRIPTION OF PROPOSED LEGISLATION:
An act relating to property taxes; providing for a payment to certain taxpayers for property taxes paid; requiring a claim form for a property tax payment to be sent to the taxpayer; increasing the exempt value of residential property and the income eligibility schedule under the property tax assistance program; changing the application date for the program from March 1 to March 15; providing more information in the Department's notice of classification, including information for comparison of mills and taxes for the prior year; increasing the maximum property tax credit for the elderly to $1,000 from $400; and providing an immediate effective date, applicability dates, a termination date, and a coordination provision.

ASSUMPTIONS:
Low-Income Abatement Program
1. Under current law, 42,396 households are eligible for this program; of these, 9,695 households participate in the program (23% participation rate) and receive an average benefit of approximately $222, for a total program cost of $2,152,290.
2. Under the proposal, 62,621 households would be eligible for this program; of these, 15,655 households would participate in the program (25% participation rate) and receive an average benefit of approximately $288, for a total program cost of $4,508,640.
3. Program benefit costs increase $2,356,350 with this additional cost distributed 1.5% to universities; 23.6% to the school equalization aid account; 20.1% to counties; 41.6% to local schools; and 13.2% to cities and towns.
4. The changes to the low-income abatement program are effective for tax year 1996, and will impact fiscal year 1997 revenues.
5. Printing, mailing and advertising costs associated with the increased number of applicants under this proposal would increase by $11,500 in FY1996; and by $2,975 in FY97 and each fiscal year thereafter.

Elderly Homeowner/Renter (2EC) Program
1. Under current law the maximum credit allowed under the 2EC program is $400; this increases to $1,000 under this proposal.
2. Increasing the maximum credit does not increase the number of households participating in this program (19,070 claimants in 1993).
3. Current program costs are projected to be $6,000,000 in FY96 and $6,500,000 in FY97 (DOR *Tax Expenditure Report*). Increasing the maximum credit from $400 to $1,000 increases the average benefit by 11 percent, which increases total program costs to $6,660,000 in FY96 and $7,215,000 in FY97. This results in additional costs of $660,000 in FY96 and $715,000 in FY97, which reduces individual income tax collections and state general fund revenue by a like amount.

Residential Property Tax Relief
1. The residential property tax relief provisions of this bill apply beginning with tax year 1995, and terminate after tax year 1996 (tax relief is provided for two years).

DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

JOHN BOLINGER, PRIMARY SPONSOR DATE
Fiscal Note for HB497, 3rd, As Amended

2. In order to be eligible for the relief, homeowners must (a) have occupied an owner-occupied residence(s) in Montana for 7 months of the claim period; (b) be the owner of an owner-occupied residence on January 1 of the claim period that the owner also owned on January 1, 1993; and (c) have experienced an increase in taxable valuation in the owner-occupied residence of more than 15 percent between 1992 and 1993.
3. Homeowners owning more than one home are entitled to claim the payment for any of the properties owned, provided that these properties meet the requirements in assumption 2, but no claimant is entitled to a claim for more than one property.
4. The property tax payment that may be claimed is equal to the amount of market value in 1993 that is in excess of 115% of the market value for the same property in 1992, times the tax rate in effect for the property in 1993, times the mill levy in effect in tax year 1993 on the property. No payment will be made for claims of less than $25; and no payment will be made in excess of $1,000.
5. Approximately 51,658 owner-occupied residences will claim the payment; the average payment will be approximately $145. Payments to all eligible taxpayers will total $7,500,000 for tax years 1995 and 1996 (FY1996 and FY1997).
6. Payments to eligible homeowners will be reimbursed out of the state general fund.
7. Total cost to administer this program is $200,000 in FY1996, and $165,000 in fiscal year 1997.

FISCAL IMPACT:

Expenditures (All Programs):	FY96 Difference	FY97 Difference
Operating Expenses	$ 211,500	$167,975

Revenues:

Property Tax Assistance Program:	FY96 Difference	FY97 Difference
Universities	$ 0	$(35,345)
School Equalization Aid	$ 0	$(556,100)

Elderly Homeowner/Renter Credit:	FY96 Difference	FY97 Difference
Individual Income Tax (General Fund)	$(660,000)	$(715,000)

Residential Property Tax Relief	FY96 Difference	FY97 Difference
State General Fund	$(7,500,000)	$(7,500,000)

Combined Impact to State General Fund and School Equalization Aid Account
(Including expenditures)

	FY96 Difference	FY97 Difference
State General Fund	$(8,371,500)	$(8,939,075)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
The proposal reduces revenue in FY97 and each fiscal year thereafter by $473,626 to county governments; by $980,242 to local schools; and by $311,038 to cities and towns.

Closing by Sponsor:

REP. KASTEN said all this bill does is bring the best ideas of both departments together and streamline the process.

HEARING ON HB 497

Opening Statement by Sponsor:

REP. JOHN C. BOHLINGER, HD 14, Billings, submitted written testimony. **EXHIBIT 5.** He also presented an amendment from the DOR. **EXHIBIT 6.**

Proponents' Testimony:

Dennis Burr, Montana Taxpayers Association, acknowledged support for this bill. He explained it is directed at the people who need help with their property taxes the most.

Mick Robinson, Director, Department of Revenue, encouraged support of the amendment.

John Shontz, Montana Association of Realtors, strongly supported HB 497. He commented he opposes the DOR's amendment. He asked the phase-in be left in the bill and affirmed the cap in the bill is very important.

Opponents' Testimony:

None

Informational Testimony:

None

Questions From Committee Members and Responses:

SEN. MIKE FOSTER asked **Mr. Robinson** if he had a step by step chart of what is being proposed in this bill. **Mr. Robinson** said he has some data, however, he didn't have a step by step chart. **SEN. FOSTER** asked **REP. BOHLINGER** if he had requested this type of information from the DOR. **REP. BOHLINGER** responded the House Taxation Committee didn't request any information and neither did he.

{Tape: 1; Side: B; Comments: Tape Turned.}

SEN. DOROTHY ECK asked **Mr. Robinson** if it would be possible for him to present charts displaying how the burden falls in different groups and how a change in the percentage can make a difference. **Mr. Robinson** stated a tax guide has been presented to each legislator and upon request data is always provided. **SEN. ECK** asked for more information on this bill.

SEN. LORENTS GROSFIELD asked **Mr. Robinson** if he helped work on the fiscal note. **Mr. Robinson** asked if **SEN. GROSFIELD** was referring to the original fiscal note. **Mr. Robinson** said some amendments were made to the original bill highlighting the phase in which was not originally in the bill and explained there were changes in the percentages. **SEN. GROSFIELD** remarked **REP. BOHLINGER** indicated only 23% of those eligible participate in the current credit for the elderly homeowner program. He asked **Mr. Robinson** with the name change proposed by **REP. BOHLINGER** for the program, what will happen if 50% take advantage of the program. **Mr. Robinson** said 25% is a guess on the DOR's part. He stated with the expansion of the dollar amounts the program will probably be more attractive. **Mr. Robinson** said if the program goes from 25% to 50% it will have a significant impact. He said the average benefit under this bill is $288.00 per household.

SEN. GROSFIELD questioned **Mr. Robinson** in regard to the 10 month residency requirement in this bill. He asked **Mr. Robinson** if the residency requirements should be standardized throughout all of the bills. **Mr. Robinson** said **SEN. GROSFIELD** has a very good point in terms of residency requirements being consistent. **Mr. Robinson** said the 7 month requirement is a little more applicable.

CHAIRMAN DEVLIN commented the loss to the counties was probably based on the same premise that there is only 23% using the credit. He asked **Mr. Robinson** what would happen if the participation doubled. **Mr. Robinson** stated if the participation rate doubled the impact on local government would double.

Closing by Sponsor:

REP. BOHLINGER said he is hopeful this bill will move forward because it is an important tool in property tax relief which is a great concern to the voters.

EXECUTIVE ACTION ON HJR 9

Discussion: **SEN. GAGE** questioned if there was interest in reflecting the railcar tax in this resolution. **SEN. BARRY "SPOOK" STANG** commented there was discussion on the railcar tax when the bill was discussed and the tax was going be reflected on the sheet showing the bills that have passed, not in this resolution.

Motion: **SEN. FOSTER MOVED HJR 9 BE CONCURRED IN.**

Discussion: **SEN. FRED VAN VALKENBURG** commented he was unconvinced by the DOR testimony that oil prices were going to reach $16.00. He said it is a pretty big jump from $14.89 to $16.27.

MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE

ROLL CALL DATE March 28, 1995

NAME	PRESENT	ABSENT	EXCUSED
MACK COLE	✓		
DELWYN GAGE	✓		
LORENTS GROSFIELD	✓		
JOHN HARP	✓		
DOROTHY ECK	✓		
BARRY "SPOOK" STANG	✓		
FRED VAN VALKENBURG	✓		
MIKE FOSTER, VICE CHAIRMAN	✓		
GERRY DEVLIN, CHAIRMAN	✓		

SEN:1995
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CS-09

SENATE TAXATION
DATE March 22, 1995
EXHIBIT NO. 5
BILL NO. HB 497

HB 496 BOHLINGER/SWANSON
PROPERTY TAX RELIEF - WHAT THE BILL DOES!

1. CHANGES THE NAME OF THE PROGRAM FROM "LOW-INCOME PROPERTY TAX PROGRAM" TO "PROPERTY TAX ASSISTANCE PROGRAM."

2. INCREASES THE MARKET VALUE ELIGIBILITY LIMITS FOR HOMES FROM $80,000 TO $100,000.

3. INCREASES THE INCOME ELIGIBILITY LIMITS FROM $13,512 FOR A SINGLE PERSON TO $15,000 AND FROM $16,214 TO $20,000 FOR A MARRIED PERSON OR HEAD OF HOUSEHOLD.

4. CHANGES LOW INCOME PROGRAM, NOW PROPERTY TAX ASSISTANCE PROGRAM TABLES TO: INCOME FROM $0 TO $8,000 20% MULTIPLIER, INCOME FROM $8,000 TO $14,000 50% MULTIPLIER, INCOME FROM $14,000 TO $20,000 70% MULTIPLIER.

5. EXTENDS THE DATE FOR APPLYING FOR THIS PROGRAM FROM MARCH 1ST TO MARCH 15TH.

6. REDESIGNS THE PROPERTY ASSESSMENT NOTICE TO STATE LAST YEAR VS. THIS YEARS MARKET VALUE, MILLS AND TAXES.

7. PROVIDES FOR A PHASE IN OF INCREASED VALUATION OVER A 3 YEAR PERIOD.

8. CHANGES THE ELDERLY HOMEOWNER/RENTER CIRCUIT BREAKER TAX CREDIT LIMIT FROM $400.00 TO $1,000.

COSTS

	PRESENTLY	WITH HB 497	INCREASE
1. PROPERTY TAX ASSISTANCE PROGRAM (FORMERLY THE LOW INCOME ABATEMENT PROGRAM)	$2,152,290	$3,913,750	$1,761,460
2. ELDERLY HOMEOWNER/ RENTER 2 EC PROGRAM	$6,000,000	$6,660,000	$ 660,000
	$8,152,290	$10,573,750	$2,421,460

SENATE TAXATION
DATE March 27
EXHIBIT NO. 6
BILL NO. HB 497

Amendments to House Bill 497
Second Reading

Prepared by Department of Revenue
3/23/95 2:18pm

REASON FOR AMENDMENT: Amendment 1 conforms the title to amendment 2.

Amendment 2 eliminates the phasein of changes in the value of class four property and the allowance of a decrease in market value without a phasein if the appraised value of property decreases because of a revaluation cycle.

1. Title, line 10
   Following: "PRIOR YEAR"
   Strike: "PROVIDING FOR THE PHASEIN OF CHANGES IN THE VALUE OF CLASS FOUR PROPERTY BECAUSE OF PERIODIC REVALUATION; ALLOWING A DECREASE IN MARKET VALUE TO BE EFFECTIVE WITHOUT A PHASEIN;"

2. Page 8
   Following: line 18
   Strike: lines 19 through 25 in their entirety
   Renumber: subsequent sections

Discussion: SEN. FRED VAN VALKENBURG asked REP. FELAND if he had any objections to the amendments. REP. FELAND agreed with the amendments.

Vote: MOTION CARRIED UNANIMOUSLY.

Motion/Vote: SEN. JOHN HARP MOVED HB 90 BE CONCURRED IN AS AMENDED. MOTION CARRIED UNANIMOUSLY.

Discussion: SEN. HARP asked for a new fiscal note.

EXECUTIVE ACTION ON HB 363

Discussion: SEN. MIKE FOSTER stated there are two issues to deal with in this bill, the truckers and the spike in fees. He said it was clear in the hearing the department was wrong in the way they excluded the trucking industry from participating in the discussions in preparation of this bill. He declared if this bill goes down he doesn't want the DOR monkeying with depreciation rates for the trucking industry. SEN. FOSTER said the current system isn't the best in the world, however, we can live with it two more years. He stated people who are affected need to get involved and make a proposal which is more well rounded. He said the fee spike in this bill is a problem. He stressed this is a issue the Revenue Oversight Committee should review. He suggested both issues should be addressed in the next Legislative Session.

CHAIRMAN DEVLIN said he checked with the representative from the Automobile Association and a few trucking representatives and was told no one contacted them about being involved in any of the discussions.

SEN. DOROTHY ECK agreed this issue needs more study. She stated under this plan the passenger cars were paying more and if changes are proposed there needs to be something worked out in order to be fair to everybody.

SEN. GAGE commented everyone would be better served if this was put into statute with an 1/1/98 effective date to guarantee the DOR will get to work and bring something in next session.

SEN. VAN VALKENBURG insisted he is opposed to a delayed effective date on this bill. He said the bill isn't fine tuned well enough to be put into law.

Motion/Vote: SEN. FOSTER MOVED TO TABLE HB 363. MOTION CARRIED 7 - 2 WITH SEN. STANG AND SEN. GAGE VOTING IN OPPOSITION TO THE MOTION.

EXECUTIVE ACTION ON HB 497

Motion: SEN. HARP MOVED AMENDMENTS TO HB 497 (hb049703.agp).

Discussion: SEN. HARP explained the amendments.

SEN. ECK asked SEN. HARP what percent of the reimbursement goes to Flathead County. SEN. HARP presented a handout explaining the reimbursement due to reappraisal. EXHIBIT 1. SEN. ECK asked SEN. HARP if there will be a contingency voidance clause on this bill. SEN. HARP responded, "No".

SEN. STANG commented this is a relatively new concept and asked if there be public comment. SEN. HARP said this isn't a new concept. He conveyed go back to the Special Session in December where there was disagreement on a similar proposal. He stated this proposal will have to go back to the House because of the amendments. SEN. STANG stated some ideas aren't novel ideas but proponents and opponents to those ideas will change from session to session. He emphasized the taxpayer needs to be able to comment on this proposal and it's important to have a hearing.

SEN. FOSTER said the committee just dealt with HB 363 where the DOR put together some people in the interim to talk about a tax situation and they hand picked who was going to be involved in the discussions. He said ever since the property taxes have increased by $60 million in 1993 and $40 million in 1994 we have been hearing from the public. SEN. FOSTER stated this proposal is an idea in trying to address the problem and the taxpayers have been telling their Legislators to come up with something and get this problem addressed. He said mills aren't included in this proposal, only valuation. SEN. FOSTER declared it is our obligation to help the taxpayers.

SEN. STANG commented he was interested in mills last session. He stated it was his suggestion in the last compromise to allow mills. He said people in Eastern Montana might like part of the $7 million that the people in Western Montana are getting for their property relief. SEN. STANG voiced concern the people in Eastern Montana aren't getting a chance to comment on this bill.

SEN. FOSTER said SEN. STANG mentioned $7 million going to Western Montana. He stated Yellowstone County is getting $710,000.00 and Custer County is getting $127,000.00 and they aren't considered Western Montana. He said it isn't the vacation spots of Montana totally that will benefit under this bill.

SEN. ECK acknowledged concern with the improper process used in this bill stressing the matter of making such a major change that it changes the focus of the bill and the idea that not everyone knows what will be cut during this session because of the contingency voidance clause. SEN. ECK stated this is not a good way to make tax policy.

SEN. VAN VALKENBURG asked SEN. HARP if he has figures on how many people will receive the minimum payment. SEN. HARP answered he didn't have that information. SEN. VAN VALKENBURG asked Ms. Paynter if she could respond to his question. Ms. Paynter

responded she didn't have the figures. **SEN. VAN VALKENBURG** said the handout indicates 51,000 households will receive some reimbursement and next to that is 23%. He asked **Ms. Paynter** will 23% of the households in the state receive the reimbursement.

{Tape: 1; Side: A; Approx. Counter: 46.6; Comments: The secretary did not hear a response from Ms. Paynter. SEN. VAN VALKENBURG commented "ok".

SEN. VAN VALKENBURG asked **SEN. HARP** to explain Section 2. **SEN. HARP** commented only one residence can be claimed and there must be a continuation of 7 months of owner occupancy.

SEN. VAN VALKENBURG asked **SEN. HARP** if **REP. BOLLINGER** was in agreement with the amendments. **SEN. HARP** answered **REP. BOLLINGER** supports the amendments. **SEN. VAN VALKENBURG** asked **SEN. HARP** if the Governor supports the amendments. **SEN. HARP** responded he discussed the proposal with the Governor, however, the Governor allows the Legislature the flexibility to make policy and if this gets on the Governor's desk he anticipates he will sign it.

SEN. VAN VALKENBURG commented he finds it unbelievable the situation in Missoula County is such that only 14% of the property taxpayers are going to be eligible for relief under this bill. **SEN. VAN VALKENBURG** asked **Ms. Paynter** how she arrived at the number of people in a county that would receive reimbursement. **Ms. Paynter** said the DOR has the data, however, it isn't on a spreadsheet presently. **SEN. VAN VALKENBURG** said his concern isn't so much with Missoula County as it is with the accuracy of a $7.5 million annual cost. **Ms. Paynter** responded the $7.5 million is an estimate. She said there are a number of assumptions in this bill which have no available data.

Vote: MOTION CARRIED 7 - 2 on roll call vote.

Motion: SEN. HARP MOVED AMENDMENTS offered by the DOR and REP. BOLLINGER (#2, #13, and #14) (hb049702.ajm).

Discussion: SEN. VAN VALKENBURG asked **Mr. Burr** if there has to be a change in the Constitution in order to have a phase-in of reappraised values. **Mr. Burr** responded he doesn't agree with the DOR's position on phasing in.

{Tape: 1; Side: B; Comments: Turn Tape.}

Vote: MOTION CARRIED 7 - 2 WITH SEN. GAGE AND SEN. VAN VALKENBURG VOTING IN OPPOSITION TO THE MOTION on voice vote.

Discussion: SEN. GROSFIELD explained his proposed amendments.

Motion: SEN. GROSFIELD MOVED ALL AMENDMENTS EXCEPT #2, #13, AND #14, (hb04703.agp).

SEN. VAN VALKENBURG MOVED AMENDMENT #3, PAGE 4, LINE 3 (hb049701.ajm).

Discussion: SEN. HARP questioned if any of the fiscal impact has been changed.

CHAIRMAN DEVLIN said it would be hard to tell what the fiscal impact will be. He called for a vote on Amendment #3.

Vote: MOTION CARRIED UNANIMOUSLY ON SEN. VAN VALKENBURG'S AMENDMENT on voice vote.

Discussion on SEN. GROSFIELD'S Amendment:

SEN. VAN VALKENBURG commented he doesn't think it is good tax policy to have a income tax system based on different filing status and then create a separate portion of the income tax system which ignores filing status and that is what these amendments would do.

Motion: SEN. GROSFIELD WITHDREW HIS AMENDMENTS.

Motion: SEN. HARP MOVED HB 497 BE CONCURRED IN AS AMENDED.

Discussion: SEN. VAN VALKENBURG stated he liked REP. BOLLINGER'S bill when it came into the committee. He said he isn't opposed to SEN. HARP'S amendments. He commented in deciding how to vote on this bill as a whole he is torn for many of the same reasons of SEN. ECK because he doesn't know there is $15 million to spend on property tax relief when it is only going to go to 23% of the households in the state. SEN. VAN VALKENBURG acknowledged it would have been very easy to support if the income tax rebate wasn't passed in the first three weeks of the session.

SEN. STANG stated his comments are similar to SEN. VAN VALKENBURG'S. He attested he is concerned with the mill levy increases and voiced concern there are five counties in Western Montana which run off with over half of the tax relief proposed in this bill. SEN. STANG said REP. ELLIOTT'S bill went a little further, affected more people and it gave 100% of the people who own houses in this state property tax relief.

SEN. HARP announced there is always concern with funding government and universities, however, people forget this isn't the governments money, it is the taxpayers money.

SEN. ECK commented she will support this bill, however, it isn't good tax policy. She said she likes this bill better than most of the other tax relief measures that were passed.

SEN. GAGE said he supports the bill, however, he doesn't like it.

SEN. COLE announced six counties he represents are not getting much, however, the bill will help a few people in those counties.

SEN. VAN VALKENBURG stated SEN. HARP'S comments are not responsive to what members of this committee have said. He said

nobody here said anything about passing this through on the backs of children and nobody said universities are going to suffer. **SEN. VAN VALKENBURG** affirmed his comment was it may be that people who attend universities are going to have to pay a higher tuition if the university system is not adequately funded because the money is spent on something else. He commented they are taxpayers and tuition is a form of taxation at a public university. **SEN. VAN VALKENBURG** said this bill is very close to what the Democrats were proposing in the December, 1993 session.

Vote: **MOTION CARRIED 8 - 1** on roll call vote.

Discussion: **CHAIRMAN DEVLIN** announced HB 346 was the last bill in the committee. He asked if there was any motion on this bill.

CHAIRMAN DEVLIN entertained a Table Motion. No one responded.

ADJOURNMENT

Adjournment: 9:30 a.m.

Sen. Gerry Devlin
GERRY DEVLIN, Chairman

Renée J. Podell
RENEE J. PODELL, Secretary

GD/rp

MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE

ROLL CALL

DATE April 7, 1995

NAME	PRESENT	ABSENT	EXCUSED
MACK COLE	✓		
DELWYN GAGE	✓		
LORENTS GROSFIELD	✓		
JOHN HARP	✓		
DOROTHY ECK	✓		
BARRY "SPOOK" STANG	✓		
FRED VAN VALKENBURG	✓		
MIKE FOSTER, VICE CHAIRMAN	✓		
GERRY DEVLIN, CHAIRMAN	✓		

SEN:1995
wp.rollcall.man
CS-09

MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE
ROLL CALL VOTE

DATE April 7, 1995 BILL NO. HB 497 NUMBER 1

MOTION: Amendments (h0049703.agp)

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN	✓	
MACK COLE	✓	
DOROTHY ECK	✓	
DELWYN GAGE	✓	
LORENTS GROSFIELD	✓	
JOHN HARP	✓	
BARRY "SPOOK" STANG		✓
FRED VAN VALKENBURG		✓
MIKE FOSTER, VICE CHAIRMAN	✓	
	7	2

SEN:1995
wp:rlclvote.man
CS-11

MONTANA SENATE
1995 LEGISLATURE
TAXATION COMMITTEE
ROLL CALL VOTE

DATE April 7, 1995 BILL NO. HB 497 NUMBER 2

MOTION: C.I.A.A.

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN	✓	
MACK COLE	✓	
DOROTHY ECK	✓	
DELWYN GAGE	✓	
LORENTS GROSFIELD	✓	
JOHN HARP	✓	
BARRY "SPOOK" STANG		✓
FRED VAN VALKENBURG	✓	
MIKE FOSTER, VICE CHAIRMAN	✓	
	8	1

SEN:1995
wp:rlclvote.man
CS-11

Impact of Reimbursing Property Taxes Paid on the Increase in Assessed Value of Land and Improvements Due to Reappraisal

Increment Level at 15% - Minimum $25 - Maximum $1,000

DATE 4/11/95
EXHIBIT NO. 1
BILL NO. HB 497

	Total Reimbursement	Average Assessed Value (93)	Average Reimbursement	Percent of Statewide Total Reimbursement	Percent of Statewide Total Residential Property	# in County Receiving Reimbursement	% in County Receiving Reimbursement
Beaverhead	114,118	48,436	121	1.5%	0.9%	944	36%
Big Horn	11,308	46,555	67	0.2%	0.5%	170	8%
Blaine	40,773	29,695	106	0.5%	0.4%	385	24%
Broadwater	1,054	36,683	47	0.0%	0.4%	23	2%
Carbon	6,534	57,665	157	0.1%	1.3%	42	3%
Carter	2,621	27,871	77	0.0%	0.1%	34	5%
Cascade	747,574	57,373	180	10.0%	8.4%	4,143	24%
Chouteau	15,048	33,816	97	0.2%	0.6%	155	7%
Custer	127,576	49,346	114	1.7%	0.9%	1,118	34%
Daniels	4,767	31,930	140	0.1%	0.2%	34	3%
Dawson	14,032	40,039	113	0.2%	0.7%	125	4%
Deer Lodge	80,495	35,451	108	1.1%	0.8%	748	24%
Fallon	10,406	41,116	86	0.1%	0.2%	121	12%
Fergus	44,127	34,510	81	0.6%	1.0%	548	13%
Flathead	1,324,624	73,420	179	17.7%	12.3%	7,392	39%
Gallatin	700,796	76,255	182	9.4%	8.4%	3,841	32%
Garfield	2,651	66,625	351	0.0%	0.1%	8	1%
Glacier	35,122	32,400	109	0.5%	0.6%	321	16%
Golden Valley	5,050	84,476	267	0.1%	0.1%	19	5%
Granite	55,586	39,365	140	0.7%	0.4%	397	28%
Hill	117,374	40,973	123	1.6%	1.6%	952	21%
Jefferson	72,141	53,604	116	1.0%	1.0%	623	26%
Judith Basin	3,067	25,948	51	0.0%	0.2%	60	5%
Lake	701,514	87,652	228	9.4%	4.6%	3,082	46%
Lewis And Clark	494,492	58,158	149	6.6%	6.1%	3,312	25%
Liberty	2,916	32,890	64	0.0%	0.3%	45	6%
Lincoln	123,674	45,426	83	1.7%	2.0%	1,496	26%
Madison	103,883	76,327	208	1.4%	1.4%	499	20%
McCone	2,236	25,058	85	0.0%	0.2%	26	3%
Meagher	15,512	23,899	73	0.2%	0.2%	212	25%
Mineral	65,225	39,440	122	0.9%	0.3%	536	43%
Missoula	438,937	74,826	160	5.9%	10.4%	2,746	14%
Musselshell	1,515	19,726	45	0.0%	0.3%	34	2%
Park	89,239	56,387	126	1.2%	1.8%	706	17%
Petroleum	718	27,637	48	0.0%	0.0%	15	6%
Phillips	20,607	37,342	84	0.3%	0.4%	246	13%
Pondera	19,025	39,219	105	0.3%	0.6%	181	10%
Powder River	7,633	55,200	126	0.1%	0.2%	60	8%
Powell	41,464	40,054	86	0.6%	0.6%	483	26%
Prairie	1,296	24,625	57	0.0%	0.1%	23	4%
Ravalli	273,647	55,513	120	3.7%	4.3%	2,281	28%
Richland	85,130	42,495	92	1.1%	0.9%	929	31%
Roosevelt	10,077	27,463	70	0.1%	0.5%	144	6%
Rosebud	3,671	42,593	49	0.0%	0.5%	76	3%
Sanders	66,037	51,201	87	0.9%	1.0%	763	25%
Sheridan	3,958	35,322	52	0.1%	0.4%	76	4%
Silver Bow	558,550	41,159	134	7.5%	3.3%	4,177	44%
Stillwater	36,172	51,805	87	0.5%	1.0%	415	18%
Sweet Grass	4,430	43,644	147	0.1%	0.4%	30	3%
Teton	10,466	38,288	87	0.1%	0.6%	121	5%
Toole	33,740	36,246	109	0.5%	0.5%	310	19%
Treasure	876	12,870	77	0.0%	0.1%	11	4%
Valley	21,506	36,093	89	0.3%	0.8%	242	7%
Wheatland	1,156	18,199	34	0.0%	0.2%	34	4%
Wibaux	385	48,430	34	0.0%	0.1%	11	2%
Yellowstone	709,770	67,769	116	9.5%	14.8%	6,134	22%
	7,486,301	59,932	145	100.0%	100.0%	51,658	23%

SENATE STANDING COMMITTEE REPORT

April 7, 1995

MR. PRESIDENT:

We, your committee on Taxation having had under consideration HB 497 (third reading copy -- blue), respectfully report that HB 497 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 7.
Following: "~~PAYMENT;~~"
Insert: "PROVIDING FOR A PAYMENT TO CERTAIN TAXPAYERS FOR PROPERTY TAXES PAID; REQUIRING A CLAIM FORM FOR A PROPERTY TAX PAYMENT TO BE SENT TO THE TAXPAYER;"

2. Title, lines 11 through 13.
Strike: "PROVIDING" on line 11 through "PHASEIN;" on line 13

3. Title, line 16.
Following: "DATES,"
Insert: "A TERMINATION DATE,"

4. Page 1.
Following: line 19
Insert: "NEW SECTION. **Section 1. Homeowner's tax payment -- definitions.** As used in [sections 1 through 7], the following definitions apply:

(1) "Claimant" means an individual natural person who is eligible under [sections 1 through 7] to file a claim.

(2) "Claim period" means the current property tax year that corresponds to the calendar year in which the property is assessed and the first property tax payment is due.

(3) "Household" means an association of individuals who live in the same dwelling and who share its furnishings, facilities, accommodations, and expenses. The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

(4) "Owner-occupied residence" means a single-family residence, including a trailer or mobile home described in 15-6-134(1)(b), or a condominium unit that is subject to property taxes and that is owned by a claimant, individually or jointly. The residence includes all improvements used for residential purposes and associated outbuildings. A taxpayer with a life estate is an owner for purposes of [sections 1 through 7].

NEW SECTION. **Section 2. Homeowner's tax payment --**

Amd. Coord.
Sec. of Senate

Sen. Harp
Senator Carrying Bill

eligibility. (1) In order to be eligible to make a claim for payment under [sections 1 through 7], the claimant must:

(a) have occupied an owner-occupied residence in Montana as the owner or contractor for deed for at least 7 months of the claim period;

(b) be the owner on January 1 of the claim period of a owner-occupied residence that the claimant also owned on January 1, 1993;

(c) be the owner of the owner-occupied residence described in subsection (1)(b) that had a market value for the 1993 tax year that was more than 15% greater than the market value on January 1 of the 1992 tax year.

(2) A claimant may own and occupy more than one owner-occupied residence in this state during the year and still meet the occupancy requirement in subsection (1)(a) if the total occupancy is for 7 months or more.

(3) In determining the increase in values required by [section 5] and subsection (1)(c) of this section, new construction and any remodeling or additions to existing improvements may not be considered.

(4) If the claimant meets the requirements of subsection (1) on any one owner-occupied residence, all other owner-occupied residence owned by the claimant that meet the requirements of subsection (1) are eligible for the payment, whether or not the owner-occupied residence was occupied by the owner for the required time. However, a claimant may elect a payment only for a single owner-occupied residence and the payment may not be made for a residence that was leased or rented during the claim period.

NEW SECTION. **Section 3. Homeowner's tax payment -- filing date.** (1) Except as provided in subsection (2), in order to receive payment, a claim for payment must be completed and must be submitted to the department by December 31 of the claim period or within 30 days of receiving a claim form, whichever is later.

(2) The department may grant a reasonable extension of time for filing a claim whenever, in its judgment, good cause exists.

(3) If an individual who would have a claim under [sections 1 through 7] dies before filing the claim, the estate of the decedent may file the claim.

NEW SECTION. **Section 4. Homeowner's tax payment -- claim form.** The department shall mail a claim form to each person owning residential property on January 1 of the claim period if the residential property, exclusive of new construction and remodeling or additions to existing improvements, increased in value by more than 15% from the 1992 tax year to the 1993 tax year. The claim form must be mailed at approximately the same

time as property tax notices required by 15-16-101 are mailed. The claim form must include all information necessary for the owner of the residence to claim the homeowner's tax payment. The claim form may require information necessary for the department to verify the claim.

NEW SECTION. **Section 5. Homeowner's tax payment -- amount.** (1) Each claimant meeting the requirements of [sections 1 through 7] shall receive a homeowner's tax payment from the department if the amount of the payment exceeds $25.

(2) The amount of the payment is determined by multiplying:

(a) the amount of market value of the residence identified in [section 2(1)(b)], including land and improvements, for the 1993 tax year that exceeds 115% of the market value for the 1992 tax year; times

(b) the tax rate that applied to the residence in tax year 1993; times

(c) the mill levy that applied to the residence in tax year 1993.

(3) A payment may not exceed $1,000.

NEW SECTION. **Section 6. Homeowner's tax payment -- limitations.** (1) Only one claimant per household is entitled to a payment in a claim period.

(2) A claim is not allowed for an owner-occupied residence that is not subject to property taxes in Montana during the claim period.

NEW SECTION. **Section 7. Homeowner's tax payment -- fraudulent claim -- penalty -- interest.** If the claimant does not timely pay the property taxes for the claim period or if a false or fraudulent claim has been paid, the claimant shall return any payment. The amount paid may be recovered as any other debt owed the state. An additional 10% may be added to the amount due as a penalty. The unpaid debt, excluding penalty, bears interest, at the rate of 3/4% a month or fraction of a month, from the date of the original payment of the claim until paid."
Renumber: subsequent sections

5. Page 4, line 3.
Strike: "10"
Insert: "7"

6. Page 8, lines 20 through 26.
Strike: section 4 in its entirety
Renumber: subsequent sections

7. Page 9, line 29.
Strike: "[THIS ACT] REDUCES"
Insert: "[sections 8 through 11] reduce"
Strike: "IT IS"
Insert: "[sections 8 through 11] are"

8. Page 9.
Following: line 30
Insert: "NEW SECTION. **Section 13. Codification instruction.** [Sections 1 through 7] are intended to be codified as an integral part of Title 15, chapter 30, part 1, and the provisions of Title 15, chapter 30, part 1, apply to [sections 1 through 7]."
Renumber: subsequent section

9. Page 10, line 5.
Strike: "[SECTION 5] APPLIES"
Insert: "[Sections 1 through 7 and 11] apply"

10. Page 10, line 7.
Insert: "NEW SECTION. **Section 15. Termination.** [Sections 1 through 7] terminate December 31, 1996."

-END-

SENATE COMMITTEE OF THE WHOLE AMENDMENT

April 8, 1995 11:29 am

Mr. Chairman: I move to amend HB 497 (third reading copy -- blue).

ADOPT 37-11

REJECT

Signed: _____
Senator Harp

That such amendments read:

1. Title, line 16.
Following: "DATE"
Strike: ","
Insert: "AND"

2. Title, lines 16 and 17
Strike: ", AND A COORDINATION PROVISION"

3. Page 9, lines 28 through 30.
Strike: section 6 in its entirety
Renumber: subsequent section

-END-

HB 497

SENATE

811129CW.SPV

Amd. Coord.

MINUTES

MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION

FREE CONFERENCE ON HOUSE BILL 497

Call to Order: By CHAIRMAN JOHN G. HARP, on April 12, 1995, at 11:40 A.M.

ROLL CALL

Members Present:
Sen. John G. Harp, Chairman (R)
Sen. Don Hargrove (R)
Sen. Barry "Spook" Stang (D)
Rep. Chase Hibbard, Chairman (R)
Rep. Scott Orr (R)
Rep. Beverly Barnhart (D)

Members Excused: None.

Members Absent: None.

Staff Present: Greg Petesch, Legislative Council
Fredella D. Haab, Secretary

Please Note: **THIS WAS A FREE CONFERENCE ON HOUSE BILL 497.**

Committee Business Summary:

{Tape: 1; Side: A; Approx. Counter: 2.3; Comments: .}

CHAIRMAN HARP stated these were the amendments **Greg Petesch** had prepared dealing with the appropriations for the payment of the residential property tax reimbursement due to reappraisal during 1992 and 1993 of 7 1/2 million dollars in 1996 and 7 1/2 million dollars in 1997. There was also an appropriation from the general fund to the Department of Revenue for $200,000 in FY 96 and $165,000 for FY 97. We have **REP. BOLLINGER'S** House Bill 497 which dealt with senior citizens and the low income aspects an additional $11,000 for an outreach program for the property tax assistance program. This was not included in House Bill 2.

REP. BARNHART asked that in the second amendment, the word "rented" be explained to her.

Greg Petesch said the amendment was requested by the Department of Revenue. They were trying to clarify that if you rented or leased the qualifying property for more than five months during the qualifying period, then you do not qualify for the payment.

REP. BARNHART asked why they settled on five months?

Greg Petesch said that the other end of the qualifying period was that it had to be your primary residence for seven months.

SENATOR STANG said he would be interested if there was any chance to change the percentages. He would have liked to see more money go into the homeowner tax relief. He was concerned they were only reaching a small percentage of the people. Since this bill passed, he has heard from the larger percentage of people that aren't affected and they want to know if we are going to do anything for them.

CHAIRMAN HARP stated we had an opportunity with a couple of other bills. SB 425 which was defeated on the Senate floor and the other bill was REP. ELLIOTT'S bill which stayed in the Senate Taxation Committee. There never was a motion made by any member of the Taxation Committee to move the $46 million out of the Senate. If we were to amend this from 15% to a 5 % increase the cost would be $12,899,000 per year and that would be an addition of a little over $5 million for each year.

SENATOR STANG stated that was his objection to passing SENATOR KEATING'S bill. He didn't object to the personal property tax. He thought that by implementing the bill right away we have done a disservice to the homeowners out there who really are crying for tax relief.

Another question that came up on this bill was what about the 2000 people that are in the tax appeal board right now. What would happen if those people are issued a refund and then the tax appeal board decides to lower the valuation of their property? Are they going to get a double benefit from this bill?

Judy Paynter, Department of Revenue, said the way the program was set up to run off of a snapshot of 92 and 93. Those people would probably end up with a refund under this program.

SENATOR HARGROVE moved the amendments.

REP. HIBBARD thought we have had a couple opportunities to give more broad based and more sufficient residential property tax reform. We worked in the House on HB 336 sponsored by REP. ELLIOTT which was a lot more extensive. He though the cost of that was $46 million. It came through the House Taxation Committee to the floor of the House and came to the Senate. It did not survive nor did a companion bill. In the closing days of the session the financial picture becomes a delicate balancing act and he wasn't sure the money that might have been there was there anymore. He thought it was important that we leave this session with some residential tax relief.

REP. BARNHART thought the counties had been under appraised for so long and now they are being fairly appraised.

SENATOR HARGROVE thought this was probably somewhat true throughout the state and to a large extent in our area. This being a bill with a sunset on it for one biennium, he thought it was particularly appropriate because in our area that was when the big thing occurred for the homes that have been there for a long time.

SENATOR STANG said there was a lot of objection from the majority party concerning **REP. ELLIOTT'S** bill due to the fact that we were using the income tax. It appeared to those of us who listened to the debate that the bill wasn't going anywhere because of the objections of the big number from the people in the majority and not as much in the money end. It just appeared to him that with the passing of **SENATOR KEATING'S** bill putting more money into that bill and not looking at putting more money into this, the priorities of this session have become to give business big tax breaks and to forget the homeowners.

CHAIRMAN HARP stated the Senate had an opportunity on SB 425 which was $26 million on residential tax relief for all homeowners. The bill died on third reading with all Democrats voting against it. **SENATOR CRIPPEN,** got up and opposed it for using tax credits, (income tax) to pay for property tax. He stated that the Senator had an opportunity a week ago in the Senate Taxation Committee to move HB 346. It was in executive session and no one made a motion to move it or to table it.

REP. BARNHART said she was at a little bit of a disadvantage because she wasn't on a tax committee but **REP. ELLIOTT** had an idea for making it more equitable and if it would be appropriate she would like him to explain this. She depended on this explanation so she could vote for the amendment and would like him to explain this.

CHAIRMAN HARP objected to **REP. BARNHART'S** request. There are various reasons why mills increase in different taxing units. That may be by decisions done locally by adding additional needs for schools, government needs, etc. They really don't affect everyone and those decisions are made locally and those taxes would have been increased. He thought that the property tax owner would have had some input in that decision. This was where people have actually lived in their homes and the only thing that had occurred was an increase in reappraisal. They are being forced from their homes because of the influx of people who are driving their values up. That has occurred in a lot of different areas in Montana. He thought **REP. HIBBARD** made a good point. We'd like to do more but with the resources we have and the time we have, we truly have targeted the proper people who have seen increases in property taxes with the **BOLLINGER** bill.

REP. BARNHART was concerned over the $1000 cap at the other end. It was brought to my attention by **REP. SWANSON** that perhaps we should cap it at $500 rather than a $1000.

CHAIRMAN HARP said what he understood was that with the $1000 cap, there are 310 residential property's affected.

REP. HIBBARD said if the cap was $1000 there are 310 that would qualify for the maximum payment. If the cap were lowered to $500 there would be 1911. It would add about 1600 people to the maximum of $500, which if you consider all the homeowners in Montana that was a pretty small number. It would change the total amount of average reimbursement from $145 to $137 across the state.

SENATOR HARGROVE said some of the older homes in Bozeman, in Helena and in Missoula where the expensive neighborhoods have grown up around some low income people would be the ones who would have the largest increases and perhaps would be the recipients of the larger refunds.

SENATOR STANG asked if we lowered the cap to $500 would we be able to pick up any percentage points.

CHAIRMAN HARP said it was about $400,000. We had it from 30, to 25, to 15 to 10. He didn't know what 1% was worth. Do you have any idea, **Judy Paynter?**

Judy Paynter said she didn't have 1% point but she did have a schedule.

SENATOR STANG asked what 5% would do?

CHAIRMAN HARP said 5% would be an additional $five million per year. You would move that to 85,000 households versus 51,658 households.

{Tape: 1; Side: 24.4; Approx. Counter: ; Comments: .}

Greg Petesch said if you wanted to address that double pay issue, he thought you could do that by adding a third criteria. A person doesn't pay the taxes for the claim period, if a false or fraudulent claim has been paid, or if a tax appeal renders a claimant ineligible.

SENATOR STANG said he would move that amendment.

Greg Petesch said essentially what you do is on page 4, line 11, strike the first "or" and then following paid you would insert "or if tax appeals render a claimant ineligible."

CHAIRMAN HARP asked if everyone felt comfortable without having that printed.

SENATOR STANG did move the amendment.

Vote: **Motion carried unanimously.**

SENATOR HARGROVE said it seemed to him that we are really not addressing someone who was forced out of his or her home. He would like a little bit of discussion on this.

SENATOR STANG thought that was what **SENATOR VAN VALKENBURG** was trying to make a point on. He thought **SENATOR HARGROVE** was correct. There should be some way we can limit this to their main residence. For example, they shouldn't be able to claim it on their more expensive house in Lake County or Flathead County, or the mountains in Gallatin, or their summer cabin, and that happens to be their more expensive home. We really are trying to help the little old lady or the family that had lived in the house on Whitefish Lake for 30 years and the taxes are more than the cost of the house.

CHAIRMAN HARP stated you would still use only one residency. He didn't see how the bottom line would be affected at all. The choice between the different residences, you probably would take the highest one of the two.

Judy Paynter said you would have to live in it for seven months. It would be hard to live in both residences for seven months a year.

Greg Petesch said you have to live in and own an occupied residence for seven months.

CHAIRMAN HARP stated it could be a combination of the two.

SENATOR STANG said he could see that somebody would live in one of the counties that only got a two or three percent benefit on this bill but owned a summer cabin in Whitefish, they would definitely be taking the benefit on this summer cabin in Whitefish. He was assuming that when they made the fiscal note they took the best case scenario of the houses that went up 15% and my guess was that most of them are in western Montana.

REP. ORR said another way to look at that was possibly that somebody was living in another town and had a summer cabin on a lake and their taxes didn't go up on their residence in town but the cabin on the lake really did skyrocket. This might be their retirement home and they could really be stretched maintaining both homes but they are trying to have this retirement home they can move when they retire.

REP. HIBBARD thought that the intent of this bill was to take the sting out of excessive reappraisals that occurred in parts of Montana. We are concerned about those who are being taxed out of their homes. He knew some people that lived in a cracker box house in Helena and have a cabin at the lake where their values have gone up many times. Their income hasn't gone up to cover those taxes because of influences that are over and above their control.

REP. BARNHART asked if this were only for one year. There still could be a little old lady that could lose her cabin on the lake in the next year.

CHAIRMAN HARP said it was a two year program and it sunsets December 31, 1996.

SENATOR STANG said he was probably going to vote for this because of the number of constituents that will benefit. He had a majority of constituents that won't benefit. He had been amazed by the number of people that have come up and thanked him for sticking up for their position since the article had been in the paper. Some of them felt they were not some of those people who would benefit and they were wondering what we were going to do for them. The main priority and the main thrust for the next session should be to give property tax relief to homeowners.

CHAIRMAN HARP had a closing comment. It was easy to forget what has already occurred. We passed HB 171 where we are going to return up to $25 million in income tax. That was going throughout the state and it was not targeted. In this bill between the residential, the elderly, etc. it was about $17 million. Also under **SENATOR KEATING'S** bill with the personal property tax, it was our view that we are going to help stimulate the economy, by putting more people back to work, so they have the ability to pay property taxes at the tune of another $18 million. Lastly, the announcement the day before yesterday of some $18 millions worth of reduction in workers comp. For the first time since 1979, the wage earner rather than continuing at the back of the line, can be at the front of the line where employers of Montana can give increases in wages rather than this constant increase due to workers comp. He thought the employers of Montana would share in the reduction of workers comp. He thought that was a statewide issue that has appeal for a lot of people. If you add that all up, you are looking at $77 million worth of various programs that have occurred this session. He thought certainly half of that has to affect everybody's life at some point. He felt that we hadn't shut out the masses as far as what we were trying to do this session.

SENATOR STANG said he hoped that those of us who are in business in the state would see to pass these reductions in our costs either to the consumers or on to their employees or even reinvesting in the state so we could provide more jobs. He hoped there was a way, that as legislators, we could monitor that.

Motion/Vote: **SENATOR HARGROVE moved the bill as amended. Motion carried unanimously.**

Amendments to House Bill No. 497
Reference Reading Copy

For the Free Conference Committee

Prepared by Greg Petesch
April 12, 1995

1. Title, line 16.
Following: ";"
Insert: "APPROPRIATING FUNDS FOR REIMBURSEMENT PAYMENTS AND FOR ADMINISTRATION OF REIMBURSEMENTS;"

2. Page 3, line 1.
Following: "RENTED"
Insert: "for more than 5 months"

3. Page 4, line 10.
Following: "PERIOD"
Insert: ","

4. Page 4, line 11.
Strike: "OR"
Following: "PAID,"
Insert: "or if a tax appeal renders the claimant ineligible"

5. Page 12, line 28.
Insert: "NEW SECTION. **Section 12. Appropriations.** (1) There is appropriated from the general fund to the department of revenue $7,500,000 for fiscal year 1996 and $7,500,000 for fiscal year 1997 for the homeowner's tax payment provided for in [sections 1 through 7]. Any unexpended funds may be carried over to fiscal year 1998.

(2) There is appropriated from the general fund to the department of revenue $200,000 for fiscal year 1996 and $165,000 for fiscal year 1997 for administering [sections 1 through 7]. Any unexpended funds from fiscal year 1996 are reappropriated for fiscal year 1997.

(3) There is appropriated from the general fund to the department of revenue $11,500 for fiscal year 1996 and $3,000 for fiscal year 1997 for outreach costs associated with the property tax assistance program."
Renumber: subsequent sections

6. Page 12, line 30.
Page 13, line 1.
Strike: "30, PART"

Impact of Reimbursing Property Taxes Paid on the Incremental Increase in Assessed Value of Land and Improvements Due to Reappraisal

Increment Level at 15% - Minimum $25 - Maximum $1,000

	Total Reimbursement	Average Assessed Value (93)	Average Reimbursement	Percent of Statewide Total Reimbursement	Percent of Statewide Total Residential Property	# In County Receiving Reimbursement	% In County Receiving Reimbursement
Beaverhead	114,118	48,436	121	1.5%	0.9%	944	36%
Big Horn	11,308	46,555	67	0.2%	0.5%	170	6%
Blaine	40,773	29,695	106	0.5%	0.4%	385	24%
Broadwater	1,054	36,683	47	0.0%	0.4%	23	2%
Carbon	6,534	57,665	157	0.1%	1.3%	42	3%
Carter	2,621	27,871	77	0.0%	0.1%	34	5%
Cascade	747,574	57,373	180	10.0%	8.4%	4,143	24%
Chouteau	15,048	33,816	97	0.2%	0.6%	155	7%
Custer	127,576	49,346	114	1.7%	0.9%	1,118	34%
Daniels	4,767	31,930	140	0.1%	0.2%	34	3%
Dawson	14,032	40,039	113	0.2%	0.7%	125	4%
Deer Lodge	80,495	35,451	108	1.1%	0.8%	748	24%
Fallon	10,406	41,116	86	0.1%	0.2%	121	12%
Fergus	44,127	34,510	81	0.6%	1.0%	548	13%
Flathead	1,324,624	73,420	179	17.7%	12.3%	7,392	39%
Gallatin	700,796	76,255	182	9.4%	8.4%	3,841	32%
Garfield	2,651	66,625	351	0.0%	0.1%	8	1%
Glacier	35,122	32,400	109	0.5%	0.6%	321	16%
Golden Valley	5,050	84,476	267	0.1%	0.1%	19	5%
Granite	55,586	39,365	140	0.7%	0.4%	397	28%
Hill	117,374	40,973	123	1.6%	1.6%	952	21%
Jefferson	72,141	53,604	116	1.0%	1.0%	623	26%
Judith Basin	3,067	25,948	51	0.0%	0.2%	60	5%
Lake	701,514	87,652	228	9.4%	4.6%	3,082	46%
Lewis And Clark	494,492	58,158	149	6.6%	6.1%	3,312	25%
Liberty	2,916	32,890	64	0.0%	0.3%	45	6%
Lincoln	123,674	45,426	83	1.7%	2.0%	1,496	26%
Madison	103,883	76,327	208	1.4%	1.4%	499	20%
McCone	2,236	25,058	95	0.0%	0.2%	26	3%
Meagher	15,512	23,899	73	[illegible]	0.2%	212	25%
Mineral	65,225	39,440	122	0.9%	0.3%	536	43%
Missoula	438,937	74,826	160	5.9%	10.4%	2,746	14%
Musselshell	1,515	19,726	45	0.0%	0.3%	34	2%
Park	89,239	56,387	126	1.2%	1.8%	706	17%
Petroleum	718	27,637	48	0.0%	0.0%	15	6%
Phillips	20,607	37,342	84	0.3%	0.4%	246	13%
Pondera	19,025	39,219	105	0.3%	0.6%	181	10%
Powder River	7,633	55,200	126	0.1%	0.2%	60	8%
Powell	41,464	40,054	86	0.6%	0.6%	483	26%
Prairie	1,296	24,625	57	0.0%	0.1%	23	4%
Ravalli	273,647	55,513	120	3.7%	4.3%	2,281	28%
Richland	85,130	42,495	92	1.1%	0.9%	929	31%
Roosevelt	10,077	27,463	70	0.1%	0.5%	144	6%
Rosebud	3,671	42,593	49	0.0%	0.5%	76	3%
Sanders	66,037	51,201	87	0.9%	1.0%	763	25%
Sheridan	3,958	35,322	52	0.1%	0.4%	76	4%
Silver Bow	558,550	41,159	134	7.5%	3.3%	4,177	44%
Stillwater	36,172	51,805	87	0.5%	1.0%	415	18%
Sweet Grass	4,430	43,644	147	0.1%	0.4%	30	3%
Teton	10,466	38,288	87	0.1%	0.6%	121	5%
Toole	33,740	36,246	109	0.5%	0.5%	310	19%
Treasure	876	12,870	77	0.0%	0.1%	11	4%
Valley	21,506	36,093	89	0.3%	0.8%	242	7%
Wheatland	1,156	18,199	34	0.0%	0.2%	34	4%
Wibaux	365	48,430	34	0.0%	0.1%	11	2%
Yellowstone	709,770	57,769	116	9.5%	14.8%	6,134	22%
	7,486,301	59,932	145	100.0%	100.0%	51,658	23%

HOUSE BILL NO. 497

INTRODUCED BY BOHLINGER, SOMERVILLE, MURDOCK, RANEY, RYAN, WENNEMAR, T. NELSON, ROSE, WELLS, ELLIOTT, FUCHS, SWANSON

A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO PROPERTY TAXES; ~~PROVIDING THAT THE PAYMENT OF AN INCREASE IN PROPERTY TAXES ON RESIDENTIAL PROPERTY IS DEFERRED UNTIL THE MAY PAYMENT;~~ PROVIDING FOR A PAYMENT TO CERTAIN TAXPAYERS FOR PROPERTY TAXES PAID; REQUIRING A CLAIM FORM FOR A PROPERTY TAX PAYMENT TO BE SENT TO THE TAXPAYER; INCREASING THE EXEMPT VALUE OF RESIDENTIAL PROPERTY AND THE INCOME ELIGIBILITY SCHEDULE UNDER THE ~~LOW-INCOME~~ PROPERTY TAX ASSISTANCE PROGRAM; CHANGING THE APPLICATION DATE FOR THE PROGRAM FROM MARCH 1 TO ~~APRIL~~ MARCH 15; PROVIDING MORE INFORMATION IN THE DEPARTMENT'S NOTICE OF CLASSIFICATION, INCLUDING INFORMATION FOR COMPARISON OF MILLS AND TAXES FOR THE PRIOR YEAR; ~~PROVIDING FOR THE PHASEIN OF CHANGES IN THE VALUE OF CLASS FOUR PROPERTY BECAUSE OF PERIODIC REVALUATION; ALLOWING A DECREASE IN MARKET VALUE TO BE EFFECTIVE WITHOUT A PHASEIN;~~ INCREASING THE MAXIMUM PROPERTY TAX CREDIT FOR THE ELDERLY TO $1,000 FROM $400; ~~AND~~ AMENDING SECTIONS 15-6-134, 15-6-151, ~~15-16-101, 15-16-102~~ 15-7-102, AND 15-30-176, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, APPLICABILITY DATES, AND A TERMINATION DATE~~, AND A COORDINATION PROVISION~~."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **SECTION 1. HOMEOWNER'S TAX PAYMENT -- DEFINITIONS.** AS USED IN [SECTIONS 1 THROUGH 7], THE FOLLOWING DEFINITIONS APPLY:

(1) "CLAIMANT" MEANS AN INDIVIDUAL NATURAL PERSON WHO IS ELIGIBLE UNDER [SECTIONS 1 THROUGH 7] TO FILE A CLAIM.

(2) "CLAIM PERIOD" MEANS THE CURRENT PROPERTY TAX YEAR THAT CORRESPONDS TO THE CALENDAR YEAR IN WHICH THE PROPERTY IS ASSESSED AND THE FIRST PROPERTY TAX PAYMENT IS DUE.

(3) "HOUSEHOLD" MEANS AN ASSOCIATION OF INDIVIDUALS WHO LIVE IN THE SAME DWELLING AND WHO SHARE ITS FURNISHINGS, FACILITIES, ACCOMMODATIONS, AND EXPENSES.

THE TERM DOES NOT INCLUDE BONA FIDE LESSEES, TENANTS, OR ROOMERS AND BOARDERS ON CONTRACT.

(4) "OWNER-OCCUPIED RESIDENCE" MEANS A SINGLE-FAMILY RESIDENCE, INCLUDING A TRAILER OR MOBILE HOME DESCRIBED IN 15-6-134(1)(B), OR A CONDOMINIUM UNIT THAT IS SUBJECT TO PROPERTY TAXES AND THAT IS OWNED BY A CLAIMANT, INDIVIDUALLY OR JOINTLY. THE RESIDENCE INCLUDES ALL IMPROVEMENTS USED FOR RESIDENTIAL PURPOSES AND ASSOCIATED OUTBUILDINGS. A TAXPAYER WITH A LIFE ESTATE IS AN OWNER FOR PURPOSES OF [SECTIONS 1 THROUGH 7].

NEW SECTION. **SECTION 2. HOMEOWNER'S TAX PAYMENT -- ELIGIBILITY.** (1) IN ORDER TO BE ELIGIBLE TO MAKE A CLAIM FOR PAYMENT UNDER [SECTIONS 1 THROUGH 7], THE CLAIMANT MUST:

(A) HAVE OCCUPIED AN OWNER-OCCUPIED RESIDENCE IN MONTANA AS THE OWNER OR CONTRACTOR FOR DEED FOR AT LEAST 7 MONTHS OF THE CLAIM PERIOD;

(B) BE THE OWNER ON JANUARY 1 OF THE CLAIM PERIOD OF AN OWNER-OCCUPIED RESIDENCE THAT THE CLAIMANT ALSO OWNED ON JANUARY 1, 1993;

(C) BE THE OWNER OF THE OWNER-OCCUPIED RESIDENCE DESCRIBED IN SUBSECTION (1)(B) THAT HAD A MARKET VALUE FOR THE 1993 TAX YEAR THAT WAS MORE THAN 15% GREATER THAN THE MARKET VALUE ON JANUARY 1 OF THE 1992 TAX YEAR.

(2) A CLAIMANT MAY OWN AND OCCUPY MORE THAN ONE OWNER-OCCUPIED RESIDENCE IN THIS STATE DURING THE YEAR AND STILL MEET THE OCCUPANCY REQUIREMENT IN SUBSECTION (1)(A) IF THE TOTAL OCCUPANCY IS FOR 7 MONTHS OR MORE.

(3) IN DETERMINING THE INCREASE IN VALUES REQUIRED BY [SECTION 5] AND SUBSECTION (1)(C) OF THIS SECTION, NEW CONSTRUCTION AND ANY REMODELING OR ADDITIONS TO EXISTING IMPROVEMENTS MAY NOT BE CONSIDERED.

(4) IF THE CLAIMANT MEETS THE REQUIREMENTS OF SUBSECTION (1) ON ANY ONE OWNER-OCCUPIED RESIDENCE, ALL OTHER OWNER-OCCUPIED RESIDENCES OWNED BY THE CLAIMANT THAT MEET THE REQUIREMENTS OF SUBSECTION (1) ARE ELIGIBLE FOR THE PAYMENT, WHETHER OR NOT THE OWNER-OCCUPIED RESIDENCE WAS OCCUPIED BY THE OWNER FOR THE REQUIRED TIME. HOWEVER, A CLAIMANT MAY ELECT A PAYMENT ONLY FOR A SINGLE OWNER-OCCUPIED RESIDENCE

AND THE PAYMENT MAY NOT BE MADE FOR A RESIDENCE THAT WAS LEASED OR RENTED DURING THE CLAIM PERIOD.

NEW SECTION. **SECTION 3. HOMEOWNER'S TAX PAYMENT -- FILING DATE.** (1) EXCEPT AS PROVIDED IN SUBSECTION (2), IN ORDER TO RECEIVE PAYMENT, A CLAIM FOR PAYMENT MUST BE COMPLETED AND MUST BE SUBMITTED TO THE DEPARTMENT BY DECEMBER 31 OF THE CLAIM PERIOD OR WITHIN 30 DAYS OF RECEIVING A CLAIM FORM, WHICHEVER IS LATER.

(2) THE DEPARTMENT MAY GRANT A REASONABLE EXTENSION OF TIME FOR FILING A CLAIM WHENEVER, IN ITS JUDGMENT, GOOD CAUSE EXISTS.

(3) IF AN INDIVIDUAL WHO WOULD HAVE A CLAIM UNDER [SECTIONS 1 THROUGH 7] DIES BEFORE FILING THE CLAIM, THE ESTATE OF THE DECEDENT MAY FILE THE CLAIM.

NEW SECTION. **SECTION 4. HOMEOWNER'S TAX PAYMENT -- CLAIM FORM.** THE DEPARTMENT SHALL MAIL A CLAIM FORM TO EACH PERSON OWNING RESIDENTIAL PROPERTY ON JANUARY 1 OF THE CLAIM PERIOD IF THE RESIDENTIAL PROPERTY, EXCLUSIVE OF NEW CONSTRUCTION AND REMODELING OR ADDITIONS TO EXISTING IMPROVEMENTS, INCREASED IN VALUE BY MORE THAN 15% FROM THE 1992 TAX YEAR TO THE 1993 TAX YEAR. THE CLAIM FORM MUST BE MAILED AT APPROXIMATELY THE SAME TIME AS PROPERTY TAX NOTICES REQUIRED BY 15-16-101 ARE MAILED. THE CLAIM FORM MUST INCLUDE ALL INFORMATION NECESSARY FOR THE OWNER OF THE RESIDENCE TO CLAIM THE HOMEOWNER'S TAX PAYMENT. THE CLAIM FORM MAY REQUIRE INFORMATION NECESSARY FOR THE DEPARTMENT TO VERIFY THE CLAIM.

NEW SECTION. **SECTION 5. HOMEOWNER'S TAX PAYMENT -- AMOUNT.** (1) EACH CLAIMANT MEETING THE REQUIREMENTS OF [SECTIONS 1 THROUGH 7] SHALL RECEIVE A HOMEOWNER'S TAX PAYMENT FROM THE DEPARTMENT IF THE AMOUNT OF THE PAYMENT EXCEEDS $25.

(2) THE AMOUNT OF THE PAYMENT IS DETERMINED BY MULTIPLYING:

(A) THE AMOUNT OF MARKET VALUE OF THE RESIDENCE IDENTIFIED IN [SECTION 2(1)(B)], INCLUDING LAND AND IMPROVEMENTS, FOR THE 1993 TAX YEAR THAT EXCEEDS 115% OF THE MARKET VALUE FOR THE 1992 TAX YEAR; TIMES

(B) THE TAX RATE THAT APPLIED TO THE RESIDENCE IN TAX YEAR 1993; TIMES

(C) THE MILL LEVY THAT APPLIED TO THE RESIDENCE IN TAX YEAR 1993.

(3) A PAYMENT MAY NOT EXCEED $1,000.

NEW SECTION. **SECTION 6. HOMEOWNER'S TAX PAYMENT -- LIMITATIONS.** (1) ONLY ONE CLAIMANT PER HOUSEHOLD IS ENTITLED TO A PAYMENT IN A CLAIM PERIOD.

(2) A CLAIM IS NOT ALLOWED FOR AN OWNER-OCCUPIED RESIDENCE THAT IS NOT SUBJECT TO PROPERTY TAXES IN MONTANA DURING THE CLAIM PERIOD.

NEW SECTION. **SECTION 7. HOMEOWNER'S TAX PAYMENT -- FRAUDULENT CLAIM -- PENALTY -- INTEREST.** IF THE CLAIMANT DOES NOT TIMELY PAY THE PROPERTY TAXES FOR THE CLAIM PERIOD OR IF A FALSE OR FRAUDULENT CLAIM HAS BEEN PAID, THE CLAIMANT SHALL RETURN ANY PAYMENT. THE AMOUNT PAID MAY BE RECOVERED AS ANY OTHER DEBT OWED THE STATE. AN ADDITIONAL 10% MAY BE ADDED TO THE AMOUNT DUE AS A PENALTY. THE UNPAID DEBT, EXCLUDING PENALTY, BEARS INTEREST, AT THE RATE OF 3/4% A MONTH OR FRACTION OF A MONTH, FROM THE DATE OF THE ORIGINAL PAYMENT OF THE CLAIM UNTIL PAID.

~~**Section 1. Section 15-16-101, MCA, is amended to read:**~~

~~**"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the receipt of the property tax record, the county treasurer shall publish a notice specifying:~~

~~(a) that one-half~~ the first installment ~~of all taxes levied and assessed will be due and payable before 5 p.m. on the next November 30 or within 30 days after the notice is postmarked and that, unless paid prior to that time, the amount then due will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;~~

~~(b) that one-half~~ the second installment ~~of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next May 31 and that, unless paid prior to that time, the taxes will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty; and~~

~~(c) the time and place at which payment of taxes may be made.~~

~~(2) The county treasurer shall send to the last known address of each taxpayer a written notice,~~

~~postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due and delinquent for other years. The written notice must include:~~

~~(a) the taxable value of the property;~~

~~(b) the total mill levy applied to that taxable value;~~

~~(c) the value of each mill in that county;~~

~~(d) itemized city services and special improvement district assessments collected by the county, with appropriate subtotals;~~

~~(e) the number of the school district in which the property is located; and~~

~~(f) the amount of the total tax due that is levied as city tax, county tax, state tax, school district tax, and other tax.~~

~~(3) The municipality shall, upon request of the county treasurer, provide the information to be included under subsection (2)(d) in a form ready for mailing.~~

~~(4) The notice in every each case must be published once a week for 2 weeks in a weekly or daily newspaper published in the county, if there is one a newspaper, or, if there is not, then by posting it the notice in three public places. Failure to publish or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the current year or of delinquent tax will not affect the legality of the tax."~~

~~**Section 2.** Section 15-16-102, MCA, is amended to read:~~

~~"15-16-102. Time for payment -- penalty for delinquency. Except as provided in 15-16-802 and 15-16-803 and unless suspended or canceled under the provisions of Title 15, chapter 24, part 17, all taxes levied and assessed in the state of Montana, except assessments made for special improvements in cities and towns payable under 15-16-103 and assessments made on interim production and new production as provided in Title 15, chapter 23, part 6, and payable under 15-16-121, shall be are payable as follows:~~

~~(1) (a) One half The first installment of the taxes are is payable on or before 5 p.m. on November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later, and one half the second installment is payable on or before 5 p.m. on May 31 of each year.~~

~~(b) If the property is residential property, the first installment of taxes is an amount equal to one half of the taxes due on the property the prior tax year and the second installment is the balance of the taxes due. If the property is not residential property or if it is residential property but its description~~

~~or character has changed because of subdivision, consolidation, construction, or similar factors, the first installment of taxes is one-half of the taxes due.~~

~~(2) Unless one-half the first installment of the taxes are is paid on or before 5 p.m. on November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later, then the amount so payable shall become is delinquent and shall draw draws interest at the rate of 5/6 of 1% per month from and after the delinquency until paid and 2% shall must be added to the delinquent taxes as a penalty.~~

~~(3) All taxes due and not paid on or before 5 p.m. on May 31 of each year shall be are delinquent and shall draw interest at the rate of 5/6 of 1% per month from and after the delinquency until paid, and 2% shall must be added to the delinquent taxes as a penalty.~~

~~(4) If the date on which taxes are due falls on a holiday or Saturday, taxes may be paid without penalty or interest on or before 5 p.m. of the next business day in accordance with 1-1-307.~~

~~(5) A taxpayer may pay his current year taxes without paying delinquent taxes. The county treasurer must accept a partial payment equal to the delinquent taxes, including penalty and interest, for one or more full taxable tax years, provided both halves of the current tax year have been paid. Payment of delinquent taxes must be applied to the taxes that have been delinquent the longest. The payment of the current tax year is not a redemption of the property tax lien for any delinquent tax year.~~

~~(6) The penalty and interest on delinquent assessment payments for specific parcels of land may be waived by resolution of the city council. A copy of the resolution must be certified to the county treasurer."~~

Section 8. Section 15-6-134, MCA, is amended to read:

"**15-6-134. Class four property -- description -- taxable percentage.** (1) Class four property includes:

(a) all land, except that specifically included in another class;

(b) all improvements, including trailers or mobile homes used as a residence, except those specifically included in another class;

(c) the first ~~$80,000~~ $100,000 or less of the market value of any improvement on real property, including trailers or mobile homes, and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least ~~10~~ 7 months a year as the primary residential dwelling of any person whose total income from all sources, including net business income and otherwise tax-exempt

income of all types but not including social security income paid directly to a nursing home, is not more than ~~$10,000~~ $15,000 for a single person or ~~$12,000~~ $20,000 for a married couple or a head of household, as adjusted according to subsection (2)(b)(ii). For the purposes of this subsection (c), net business income is gross income less ordinary operating expenses but before deducting depreciation or depletion allowance, or both.

(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least ~~9~~ nine holes and not less than 3,000 lineal yards; and

(e) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(2), including 1 acre of real property beneath the agricultural improvements. The 1 acre must be valued at market value.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402 or 15-24-1501, property described in subsections (1)(a), (1)(b), and (1)(e) is taxed at 3.86% of its market value.

(b) (i) Property ~~described~~ QUALIFYING UNDER THE PROPERTY TAX ASSISTANCE PROGRAM in subsection (1)(c) is taxed at 3.86% of its market value multiplied by a percentage figure based on income and determined from the following table:

Income Single Person	Income Married Couple Head of Household	Percentage Multiplier
~~$ 0 - $ 1,000~~	~~$ 0 - $ 1,200~~	~~0%~~ 20%
$ 0 - ~~$ 1,500~~	$ 0 - ~~$ 2,000~~	
$ 6,000	$ 8,000	
~~1,001 - 2,000~~	~~1,201 - 2,400~~	~~10%~~ 50%
~~1,501 - 3,000~~	~~2,001 - 4,000~~	
6,001 - 9,200	8,001 - 14,000	
~~2,001 - 3,000~~	~~2,401 - 3,600~~	~~20%~~ 70%
~~3,001 - 4,500~~	~~4,001 - 6,000~~	
9,201 - 15,000	14,001 - 20,000	
~~3,001 - 4,000~~	~~3,601 - 4,800~~	~~30%~~
~~4,501 - 6,000~~	~~6,001 - 8,000~~	

~~4,001 — 5,000~~	~~4,801 — 6,000~~	~~40%~~
~~6,001 — 7,500~~	~~8,001 — 10,000~~	
~~5,001 — 6,000~~	~~6,001 — 7,200~~	~~50%~~
~~7,501 — 9,000~~	~~10,001 — 12,000~~	
~~6,001 — 7,000~~	~~7,201 — 8,400~~	~~60%~~
~~9,001 — 10,500~~	~~12,001 — 14,000~~	
~~7,001 — 8,000~~	~~8,401 — 9,600~~	~~70%~~
~~10,501 — 12,000~~	~~14,001 — 16,000~~	
~~8,001 — 9,000~~	~~9,601 — 10,800~~	~~80%~~
~~12,001 — 13,500~~	~~16,001 — 18,000~~	
~~9,001 — 10,000~~	~~10,801 — 12,000~~	~~90%~~
~~13,501 — 15,000~~	~~18,001 — 20,000~~	

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department of revenue. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of ~~1986~~ 1995; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established in subsection (2)(a).

(3) ~~After July 1, 1986, an adjustment may not be made by the department to the taxable percentage rate for class four property until a revaluation has been made as provided in 15-7-111.~~

~~(4)~~ Within the meaning of comparable property, as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property, and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property."

Section 9. Section 15-6-151, MCA, is amended to read:

"15-6-151. Application for certain class four classifications. (1) A person applying for classification of property UNDER THE PROPERTY TAX ASSISTANCE PROGRAM described in ~~subsection (1)(c) of~~ 15-6-134 (1)(c) shall make an affidavit to the department of revenue, on a form provided by the department without cost, stating:

(a) ~~his~~ the person's income;

(b) the fact that ~~he~~ the person maintains the land and improvements as ~~his~~ the person's primary residential dwelling, ~~where~~ when applicable; and

(c) ~~such~~ other information ~~as~~ that is relevant to the applicant's eligibility.

(2) This application must be made before ~~March 1~~ ~~April~~ MARCH 15 of the year after the applicant becomes eligible. The application remains in effect in subsequent years unless there is a change in the applicant's eligibility. The taxpayer shall inform the department of any change in eligibility. The department may inquire by mail whether any change in eligibility has taken place and may require a new statement of eligibility at any time that it considers necessary.

(3) The affidavit is sufficient if the applicant signs a statement affirming the correctness of the information supplied, whether or not the statement is signed before a person authorized to administer oaths, and mails the application and statement to the department ~~of revenue~~. This signed statement ~~shall~~ must be treated as a statement under oath or equivalent affirmation for the purposes of 45-7-202, relating to the criminal offense of false swearing."

SECTION 10. SECTION 15-7-102, MCA, IS AMENDED TO READ:

"15-7-102. Notice of classification and appraisal to owners -- appeals. (1) (a) The department shall mail to each owner or purchaser under contract for deed a notice of the classification of the land owned or being purchased and the appraisal of the improvements on the land only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:

~~(a)~~(i) change in ownership;

~~(b)~~(ii) change in classification;

~~(c)~~(iii) change in valuation; or

~~(d)~~(iv) addition or subtraction of personal property affixed to the land.

(b) The notice must include the following for the taxpayer's informational purposes:

(i) the total amount of mills levied against the property in the prior year;

(ii) the amount of the prior year's taxes resulting from levied mills;

(iii) an estimate of the current year's taxes based on the prior year's mills; and

(iv) a statement that the notice is not a tax bill.

(c) Any misinformation provided in the information required by subsection (1)(b) does not affect the validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

(2) (a) The department shall assign each assessment to the correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a standardized form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.

(b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

(3) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may request an assessment review by submitting an objection in writing to the department, on forms provided by the department for that purpose, within 15 days after receiving the notice of classification and appraisal from the department. The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give reasonable notice to the taxpayer of the time and place of the review. After the review, the department shall determine the ~~true and~~ correct appraisal and classification of the land or improvements and notify the taxpayer of its determination. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

(4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an appraisal or classification upon the taxpayer's objection unless:

(a) the taxpayer has submitted an objection in writing; and

(b) the department has stated its reason in writing for making the adjustment.

(5) A taxpayer's written objection to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are public records. The department shall make the records available for inspection during regular office hours.

(6) If any property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board must be filed within 15 days after notice of the department's determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the state tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order."

~~NEW SECTION. Section 4. PHASE-IN OF REVALUATION OF LAND. (1) AN INCREASE IN THE APPRAISED VALUE OF CLASS FOUR PROPERTY RESULTING FROM A REVALUATION CYCLE UNDER 15-7-111 MUST BE PHASED IN. EACH YEAR FOLLOWING A REVALUATION CYCLE, THE VALUE OF THE PROPERTY MUST BE INCREASED ANNUALLY BY ONE-THIRD OF THE DIFFERENCE BETWEEN THE PHASED-IN VALUE FROM THE PREVIOUS APPRAISED VALUE AND THE NEW APPRAISED VALUE.~~

~~(2) IF THE APPRAISED VALUE OF PROPERTY DECREASES BECAUSE OF A REVALUATION CYCLE, THE DECREASED VALUE IS THE ASSESSED VALUE AND IS NOT PHASED IN.~~

Section 11. Section 15-30-176, MCA, is amended to read:

"**15-30-176. Residential property tax credit for elderly -- computation of relief.** The amount of the tax credit granted under the provisions of 15-30-171 through 15-30-179 is computed as follows:

(1) In the case of a claimant who owns the homestead for which a claim is made, the credit is the amount of property tax paid less the deduction specified in subsection (4).

(2) In the case of a claimant who rents the homestead for which a claim is made, the credit is the amount of rent-equivalent tax paid less the deduction specified in subsection (4).

(3) In the case of a claimant who both owns and rents the homestead for which a claim is made, the credit is:

(a) the amount of property tax paid on the owned portion of the homestead less the deduction specified in subsection (4); plus

(b) the amount of rent-equivalent tax paid on the rented portion of the homestead less the deduction specified in subsection (4).

(4) Property tax paid and rent-equivalent tax paid are reduced according to the following schedule:

Household income	Amount of reduction
$ 0-999	$0
1,000-1,999	$0
2,000-2,999	the product of .006 times the household income
3,000-3,999	the product of .016 times the household income
4,000-4,999	the product of .024 times the household income
5,000-5,999	the product of .028 times the household income
6,000-6,999	the product of .032 times the household income
7,000-7,999	the product of .035 times the household income
8,000-8,999	the product of .039 times the household income
9,000-9,999	the product of .042 times the household income
10,000-10,999	the product of .045 times the household income
11,000-11,999	the product of .048 times the household income
12,000 & over	the product of .050 times the household income

(5) In no case may the credit granted exceed ~~$400~~ $1,000."

~~NEW SECTION. SECTION 6. COORDINATION. IN ORDER TO MAINTAIN A BALANCED BUDGET, BECAUSE [THIS ACT] REDUCES [SECTIONS 8 THROUGH 11] REDUCE REVENUE, IT IS [SECTIONS 8 THROUGH 11] ARE VOID UNLESS HOUSE BILL NO. 293 IS PASSED AND APPROVED CONTAINING AN ESTIMATED REVENUE INCREASE OF AT LEAST $2,200,000.~~

NEW SECTION. **SECTION 12. CODIFICATION INSTRUCTION.** [SECTIONS 1 THROUGH 7] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 15, CHAPTER 30, PART 1, AND THE

PROVISIONS OF TITLE 15, CHAPTER 30, PART 1, APPLY TO [SECTIONS 1 THROUGH 7].

NEW SECTION. **SECTION 13. EFFECTIVE DATE -- APPLICABILITY.** (1) [THIS ACT] IS EFFECTIVE ON PASSAGE AND APPROVAL.

(2) (A) EXCEPT AS PROVIDED IN SUBSECTION (2)(B), [THIS ACT] APPLIES TO TAX YEARS BEGINNING AFTER DECEMBER 31, 1995.

(B) ~~[SECTION 5] APPLIES~~ [SECTIONS 1 THROUGH 7 AND 11] APPLY RETROACTIVELY, WITHIN THE MEANING OF 1-2-109, TO TAX YEARS BEGINNING AFTER DECEMBER 31, 1994.

NEW SECTION. **SECTION 14. TERMINATION.** [SECTIONS 1 THROUGH 7] TERMINATE DECEMBER 31, 1996.

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